



**\*Mulcahy Accounting & Risk Consulting\***

## William J. Mulcahy, CIA

Mayor and City Council, City of Dunwoody and  
City of Dunwoody Audit Committee  
Monday February 12, 2018

### **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. Internal Audit Plan by quarter for 2018.

**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 2017 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.

### **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.
- d. Selected one monthly statement for detailed review.
- e. Read both the commercial account summary statement and the 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.

**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), 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.

**Internal Audit plans for 2018 by quarter -**

- 1<sup>st</sup> Quarter 2018 - Purchase and renovation costs for City Hall
- 2<sup>nd</sup> Quarter 2018 – Parks and recreation, specifically new ball field
- 3<sup>rd</sup> Quarter 2018 – Police Department – including evidence inventory, purchase / lease of Police cars including disposal, and reconciliation of tickets from issue to final adjudication / payment.
- 4<sup>th</sup> Quarter 2018 - 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.

While the list above is my suggestion for internal audits by quarter in 2018, know that the list below could also be included as well as 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.
- Permit fees revenue and expense.
- Ethics and conflict of interest policy and procedures.
- Alcohol license fees

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

NOTICE: Mulcahy Accounting and Risk Consulting (MARC) is a consulting and internal audit firm composed of an expert specializing in risk and advisory services. MARC is not licensed or registered as a public accounting firm and does not issue opinions on financial statements or offer attestation services.



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## William J. Mulcahy, CIA

City of Dunwoody Audit Committee  
Monday, February 12, 2017

### **Internal Audit work in this quarter –**

- a. Continuous Monitoring of Quarterly Financial Report
- b. Property tax payments to Dunwoody from DeKalb County
- c. Internal Audit Plan for 2017

**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 September 30, 2017.

### **Scope –**

- a. Reviewed for reasonableness the Financial Report through September 30, 2017, noting reasonableness.
- b. Read Chris Pike's Council memo on the Financial Report for September 30, 2017, noting reasonable and understandable explanations.

**Audit Summary -** In connection with the scope of my work described above, of the Financial Report through September 30, 2017, 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.

**3rd Quarter 2017 – Property tax payments to Dunwoody from DeKalb County** or funds collected by DeKalb County that must be transferred to the Dunwoody. Review how collections by DeKalb due to Dunwoody are calculated for transfer to Dunwoody. DeKalb acts as Dunwoody's agent in collecting the money, and DeKalb is paid a fee for providing this service, which Dunwoody finds to be cost effective.

### **Scope –**

- a. Requested, received, and reviewed DeKalb County policy and procedures, noting priority order for distribution of fines and fees collected.
- b. Walked through examples of a property tax billing and collection by DeKalb and then the timely distribution to Dunwoody.

**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.

**Audit Observation** – The computer system used by DeKalb I'd describe as "home grown" over the years with one expert programmer. There is risk related to such arrangements, but I did not note any exceptions.

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

- a. 1<sup>st</sup> Quarter 2017 – Payroll and 1099s processing, policy, practices and reporting.
- b. 2nd 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.
- c. 3<sup>rd</sup> Quarter 2017 – Property tax payments to Dunwoody from DeKalb County
- 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.

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

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