

William J. Mulcahy, CIA

Mayor and City Council, City of Dunwoody and  
City of Dunwoody Audit Committee  
Monday August 10, 2020

**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. Update on prior internal audit recommendations
- d. Internal Audit Recommendation
- e. Internal Audit Plan by quarter for 2020.

**Continuous Monitoring of Quarterly Financial Report–** As part of the 2020 Internal Audit Plan, I performed the procedures listed in the scope section below on the Financial Report through June 30, 2020.

**Scope –**

- a. Reviewed for reasonableness the Financial Report through June 30, 2020, noting reasonableness.
- b. Read Linda Nabers' memo to the Mayor and City Council on the Financial Report for June 30, 2020, noting reasonable and understandable explanations, as well as her attestation including understanding that Management is responsible for internal controls.

Audit Summary - In connection with the scope of my work described above, of the Financial Report through June 30, 2020, 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.

**Purchasing Card Process and Procedures Report –** As part of the 2nd Quarter 2020 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, Assistant City Manager, 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

**Audit Summary** - In connection with the scope of my work described above, of the City of Dunwoody's monthly commercial account statements, 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. Further, the policies which provide internal controls for the segregation of duties were being followed in all cases selected in the detailed test.

**Comment on internal controls.** During the testing, I inquired about 1099 tax reporting on purchasing card purchases. Dunwoody is undertaking a review if any purchases should have a 1099 issued to the payee.

#### **Update on prior internal audit recommendations -**

#### **Follow up March 3, 2020 and July 2020 on Dunwoody Senior Baseball Internal Audit Report dated 2/10/20.**

To summarize my follow up visit of March 3<sup>rd</sup> with Eric Linton and Jay Vinicki plus subsequent communications, and follow up in July 2020, the City is on the right track for each of the material weaknesses disclosed in the DSB Internal Audit report. DSB, Parks staff and Jay Vinicki have begun discussion on a contract rewrite, however the pandemic slowed down progress as how baseball comes back. Further, it is a best practice that the Mayor identified two Council members to serve on an oversight subcommittee to implement the recommendations which is a positive indicator of the seriousness with which the City is accepting and implementing the recommendations.

#### **Hot line / whistleblower line - Recommendation**

The Certified Fraud Examiners bi-annual report to the nation, again in 2020 reported the #1 way to identify fraud is by tips usually via a Hot line – Whistleblower line. Audit Committee Chair Barbara Jesup called me, and suggested Dunwoody should implement such an internal control.

**Internal Audit plans for 2020 by quarter** – as approved by Mayor and City Council.

1st Quarter 2020 - Complete Ball Field internal audit – **Completed**

1st Quarter 2020 - Hotel Excise Tax – analytical review of collections **Deferred due to City shutdown with Finance Office working on higher priority items including Occupational Tax while working remotely.**

1st Quarter 2020 - Follow up on implementation of 2019 Cash Recommendation – **Implemented in 2<sup>nd</sup> Quarter**

2nd Quarter 2020 - Theater deferred and changed to a 3<sup>rd</sup> Quarter process and procedures internal audit of the Public Works program, SeeClickFix in the 3<sup>rd</sup> quarter

2<sup>nd</sup> Quarter 2020 - Read / Review 12/31/19 CAFR before filing. **Completed**

2nd Quarter 2020 - Procurement Card: This report provides comments on the pcard policy, oversight of the policy and compliance with the policy, and includes fuel card purchases, primarily used for police cars. - **Completed**

3<sup>rd</sup> Quarter 2020 – SeeClickFix Public Works program

4<sup>th</sup> Quarter 2020 - Accounts payable, disbursements and purchasing procedures

Respectfully submitted,

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City Internal Auditor

City of Dunwoody

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