

## Mulcahy Consulting

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Mayor and City Council, City of Dunwoody, and  
City of Dunwoody Audit Committee  
Monday May 11, 2020

### Internal Audit work in this quarter –

- a. Continuous Monitoring of Quarterly Financial Report.
  - b. Internal Audits in 1<sup>st</sup> Quarter.
  - c. Internal Audit Plan by quarter for 2020.
- a. 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 March 31, 2020.

### Scope –

- a. Reviewed for reasonableness the Financial Report through March 31, 2020, noting reasonableness.
- b. Read Linda Nabers' memo to the Mayor and City Council on the Financial Report for March 31, 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 March 31, 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.

### b. Internal Audits in 1<sup>st</sup> Quarter

#### Follow up 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, 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 has yet to be determined. Further, it is a best practice that the Mayor identified two Council members to serve on an oversight sub committee to implement the recommendations which is a positive indicator of the seriousness with which the City is accepting and implementing the recommendations, which are shown below,

1. Developing a contract between the City and DSB to be signed by both parties.
- Recommendation - be sure to have an exhibit that clarifies how money owed to the City is

calculated, including financial terms such as net revenues and capital improvements being defined and how documented.

2. Monitoring the internal controls of DSB including quarterly (but I would suggest monthly) bank reconciliations, timely bank deposits tied into revenue, no checks to President or Treasurer or any Board member without proper review, disclosure, etc.

I would further suggest the City consider,

A. Obtaining online access (read only) of the DSB books, currently DSB uses an old software that cannot be shared with others online.

B. Consider maintaining the DSB books on the City's books like the way Discover Dunwoody (CVBD) is handled.

3. Setting up a payment for rent to go to a sinking fund for major update to replace the turf in about 10 to 12 years. I have heard the major update could cost in the range of \$500,000 to \$1,000,000.

**Follow up on implementation of 2019 Cash Recommendation** – To summarize, the Finance Office Framework is good and its being implemented in April 2020, with numbers available for review by end of May 2020. Internal Audit Recommendations include:

1. Operator daily report to be tied into daily deposits per bank.
2. Documents who will prepare and who signs off on the schedules, with Director of Finance signing off on each monthly summary.
3. Tie into Bank reconciliations, and departmental details such as the Municipal Court detail of moneys owed.
4. The more the better that these numbers can be downloaded to populate the reports, as opposed to being data inputted.
5. Need a written summary each month that explains insights into cash collections, exceptions, if any, and a written certification by those who prepare and review reports.

**c. Internal Audit plans for 2020 by quarter** – as approved by Mayor and City Council at 11/18/19 meeting.

1st Quarter 2020 - Complete Ball Field internal audit – **Updated above and to be updated again next quarter.**

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.**

1<sup>st</sup> Quarter 2020 - Follow up on implementation of 2019 Cash Recommendation – **In progress and Internal Auditor to update again next quarter.**

2nd Quarter 2020 – Theater.

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

3<sup>rd</sup> Quarter 2020 - Accounts payable, disbursements and purchasing procedures.

4<sup>th</sup> Quarter 2020 - Procurement Card: This report will provide comments on the p-card policy, oversight of the policy and compliance with the policy, and includes fuel card purchases, primarily used for police cars.

Respectfully submitted,

City Internal Auditor  
City of Dunwoody

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