



•Mulcahy Accounting & Risk Consulting•

William J. Mulcahy, CIA

Penultimate 11/24/19

December 3, 2019

Audit Advisory Committee
City of Brookhaven, Georgia

This report of the City Internal Auditor updates you on my activities since my last report. This report is divided into sections as follows:

1. Status - Internal Audit Plan for 2019 by quarter, as approved by Mayor and City Council, after input from Audit Advisory Committee.
2. Internal Audit Report
3. Proposed Internal Audit Plan for 2020

1. Internal audit plan by Quarter for 2019

1st Quarter 2019 - Disbursements Operational area – Finance; Risk area – Financial.
Status - Complete

2nd Quarter 2019 - Cash Handling and bank reconciliations, including Municipal Court and Police Operational area – Finance; Risk area – Financial. – **Status – Complete, see below**

3rd Quarter 2019 – Performance Audit - Spending on Bond proceeds - Operational area – Compliance; Risk area – Regulatory. While a performance audit is not required as the City Council waved the requirement in the bond documents, one is planned to provide oversight of the area. Per the State of Georgia Department of Audits and Accounts (DOAA) a performance audit attempts to answer these type questions,

- Is this program accomplishing its goals and objectives?
- How well does the program do what is intended to do?
- Is this program complying with all applicable laws and regulations?

Status – complete for 2019 see below. But continuing throughout 2020 as funds are spent.

- 4th Quarter 2019 – Purchasing Cards - Operational area – Finance; Risk areas – Financial and Reputational **Status – In Progress –to be reported on in 1st Quarter of 2020.**

2. Internal Audit Report

Open audit recommendation – From 12/18/18 Internal Audit report

Recommendation – The permit fee area is prohibited from making a profit but still does need to cover the fully loaded costs on this service. I asked for the documentation but it was not available. I recommend Brookhaven prepare and document such an analysis.

2nd Quarter 2019 - Cash Handling and bank reconciliations, including Municipal Court and Police Operational area – Finance; Risk area – Financial. – **Status – Complete**

I found the bank reconciliations being completed and reviewed monthly on a timely basis.

Recommendations –

Best practices for internal controls in the cash deposits area is for cash to be deposited daily and tie into the cash receipts of each cashier. Brookhaven system makes it difficult to visualize the timeliness of cash deposits. I recommend the Parks, Municipal Court, and Police go to a system where the cash is deposited in an onsite safe into a bank system that gives Brookhaven immediate credit for the deposit. Also, each cashier's collections need to tie into receipts.

3rd Quarter 2019 – Performance Audit - Spending on Bond proceeds - Operational area – Compliance; Risk area – Regulatory. While a performance audit is not required as the City Council waived the requirement in the bond documents, one is planned to provide oversight of the area. Per the State of Georgia Department of Audits and Accounts (DOAA) a performance audit attempts to answer these type questions,

- Is this program accomplishing its goals and objectives?
- How well does the program do what is intended to do?
- Is this program complying with all applicable laws and regulations?

Status – Complete for 2019 with no exceptions to date. Updates to continue throughout 2020

4th Quarter 2019 – Purchasing Cards - Operational area – Finance; Risk areas – Financial and Reputational **Status – In Progress –to be reported on in 1st Quarter of 2020.**

2. Internal audit plan by Quarter for 2020

1st Quarter 2020 - Hotel Excise Tax – analytical review of collections

1st Quarter 2020 – Interim Report Performance Audit - Spending on Bond proceeds

2nd Quarter 2020 - Follow up on implementation of 2019 Cash Recommendation
2nd Quarter 2020 - Read / Review 12/31/19 CAFR before filing
2nd Quarter 2020 – Interim Report on Performance Audit - Spending on Bond proceeds

3rd Quarter 2020 - Accounts payable and purchasing procedures
3rd Quarter 2020 – Interim Report on Performance Audit - Spending on Bond proceeds

4th Quarter 2020 - Final Report on Performance Audit - Spending on Bond proceeds
4th Quarter 2020 - Procurement Card: This report will provide comments on the pcard Policy, oversight of the policy as well as detail tests on compliance with the policy.

Any questions, let me know.

Sincerely,

William J. Mulcahy

William J. Mulcahy, CIA
City Auditor
City of Brookhaven

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