



# City of Chattanooga

Stan Sewell  
Director

INTERNAL AUDIT  
City Hall  
Chattanooga, Tennessee 37402

Ron Littlefield  
Mayor

June 17, 2010

Mayor and City Council  
City of Chattanooga  
Chattanooga, TN 37402

RE: Post Audit Review of Sensitive Equipment, Audit 09-13

Dear Mayor Littlefield and Council Members:

On November 24, 2009, the Internal Audit Division released an audit on the Sensitive Equipment Policy. We performed certain procedures, as enumerated below, with respect to activities of the Finance department in order to render a conclusion on the status of the recommendations made as a result of that audit.

This Post Audit Review consisted principally of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards.

The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

The conclusions of Audit 09-13 were that:

1. No City-wide policies and procedures are in place related to sensitive equipment inventory.
2. We noted four departments/divisions have developed a process to track sensitive equipment inventory. However, the majority of the departments/divisions do not appear to have any system in place to ensure proper safeguarding of City property.

The audit contained two (2) recommendations that addressed the audit's findings. Based on the review performed, we concluded that recommendations 1 and 2 were implemented.

## **Recommendations Implemented [1, 2]**

We recommended (**Recommendation 1**) that the Finance department issue written policies and procedures for sensitive equipment inventory. The policies and procedures should address issues of departmental responsibilities, definition and example of sensitive equipment, dollar thresholds, tagging requirements, annual physical inventory requirements, and reporting requirements.

Based on discussions with Finance staff, policies and procedures have been written and distributed to all department heads. We reviewed the written policies and noted they adequately address all issues recommended.

We recommended (**Recommendation 2**) that the Finance department supervise all departments/divisions to ensure the implementation of a sensitive equipment inventory program in accordance with the Internal Control and Compliance Manual for Tennessee Municipalities.

The Finance department issued written policies and procedures that required all departments to perform an annual inventory in January and to submit a completed and signed Sensitive Minor Equipment (SME) inventory worksheet by February 1. Finance staff has made several attempts to obtain the required worksheets from all departments and divisions. **However, the following departments/divisions have not completed the annual inventory and/or submitted the signed SME inventory worksheet as of the date of this letter.**

Police  
Fire  
Air Pollution  
Public Works – including Moccasin Bend  
City Attorney's Office  
Parks and Recreation (SME inventory sheets have been submitted for 5 of 15 recreation centers)  
Information Services  
City Council  
Human Services

The Finance department will continue efforts to compile the required information from all departments/divisions.

We thank the personnel in the Finance department for their assistance in conducting this review. We will consider this report to be final unless directed to continue our review.

Sincerely,



Stan Sewell, CPA, CGFM  
Director of Internal Audit

cc: Dan Johnson, Chief of Staff  
Audit Committee Members  
Daisy Madison, Finance Administrator