

**Post-Audit Review 15-04:
YFD Community Center
Collections**

November 2016

City Auditor

Stan Sewell, CPA, CGFM, CFE

Senior Auditor

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OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

November 29, 2016

To: Mayor Andy Berke
City Council Members

Subject: Post-Audit Review of Community Center Collections (Report #15-04)

Dear Mayor Berke and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2015 YFD Community Centers Collection report. The purpose of this report is to confirm whether, and to what degree, management has implemented the recommendations made in the original audit.

The original audit concluded:

1. Fees were not always collected in accordance with City Code/policy and collections were not properly safeguarded;
2. In general, revenues were properly documented but deficiencies were noted related to timely submitting collections to the Treasurer's Office;
3. Several internal control deficiencies contributed to missing revenues; and,
4. While department policies were comprehensive, management's failure to comply with the policies was the primary contributing factor to internal control weaknesses.

The audit had 12 recommendations to improve efficiency and effectiveness of the collection process as well as address internal control deficiencies observed in the rental reservation process. At the time of this Post-Audit Review, three recommendations were not implemented, three were partially implemented, and six were implemented. Recommendations partially implemented and not implemented are herein reported to the Audit Committee for follow-up, as appropriate.

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.

Sincerely,

Stan Sewell, CPA, CGFM, CFE
City Auditor

Attachment

cc: Audit Committee Members
 Stacy Richardson, Chief of Staff
 Maura Sullivan, Chief Operating Officer
 Lurone Jennings, Administrator Youth & Family Development
 Daisy Madison, Chief Financial Officer

RECOMMENDATIONS NOT IMPLEMENTED (3)

Recommendation	Actions Taken
<p>3 We recommended the policies, Finance Policies and Procedures Collections, be revised to require completed receipt books be returned to Finance prior to the issuance of a new receipt book. Department Administrators should be immediately notified if books are reported missing. We recommended receipt books be issued to the individual responsible for its use and safeguarding.</p>	<p>The policies were not updated.</p>
<p>4 We recommended policies and procedures be revised to require staff to include the receipt numbers in the description field of the collection report.</p>	<p>The receipt numbers are not listed in the description field of the collection report. In addition, the description field provides less information regarding the collection than prior to our audit.</p>
<p>9 We recommended the use of RecTrac to manage the reservation calendar for all community centers.</p>	<p>Management has not implemented the use of RecTrac in the facilities. Reservation calendars remain in paper format.</p>

RECOMMENDATIONS PARTIALLY IMPLEMENTED (3)

Recommendation	Actions Taken
<p>8 We recommended management update the collection policies and procedures. Policies and procedures should be periodically reviewed and updated to ensure risks are timely identified and appropriately addressed. Further, we recommended the department provide training on new policies and procedures. Documentation of training and receipt of updated policies and procedures should be maintained in the personnel files.</p>	<p>New policies and procedures were developed for the collection process. Our discussion with staff found some, but not all, received the new policies and related training. The written policies do not include an effective date or indicate formal adoption by the Department.</p>
<p>10 We recommended management identify and implement adequate internal controls to mitigate risks related to the rental process.</p>	<p>Management has implemented additional controls, including periodic review and random site visits by the Fiscal Analyst at facilities allowed to collect fees. However, paper calendars are still used at all facilities without follow-up by Coordinators. Our random review of a facilities reservation calendar compared to collections indicated possible reservations without corresponding payments.</p>

Recommendation	Actions Taken
11 We recommended the hour option be removed from the reporting parameters, if possible. If facility managers complete the collection report, we recommended a designated administrative staff review and verify the cash journal report for completeness.	No changes were made with reporting options in RecTrac. However, the Fiscal Analyst performs periodic reviews of collection reports and support documentation.

RECOMMENDATIONS FULLY IMPLEMENTED (6)

Recommendation	Actions Taken
1 We recommended management require transfer logs be maintained by each community center, as required by current policies.	Transfer logs are maintained at all facilities collecting fees.
2 We recommended access to any particular safe or lockbox be limited to a single individual.	The Administrative Support Assistant and the Division Manager have safes located in their respective offices. Typically, access is limited to a single individual.
5 We recommended management reconcile the receipts issued to the collection reports periodically.	The Fiscal Analyst monitors the receipt book and performs random reviews of the collection reports at all facilities collecting fees.
6 We recommended management perform periodic reviews of the receipt books and transfer logs to verify compliance with stated policies and procedures.	The Fiscal Analyst performs random audits to verify compliance with stated policies and procedures. Site visits are typically performed on a quarterly basis.
7 We recommended facility managers complete collection reports and make deposits as required by State law and City policies.	New procedures for facility rentals were implemented in early 2016. While S. Chattanooga and Brainerd centers continue to collect rental and aquatics fees through RecTrac, the majority of community centers will not collect any fees onsite. Reservation fees for these locations must be made at the Administrative Offices located on Watkins Street.
12 We recommended all staff submit all funds as collected, in accordance with State Law.	Per the Fiscal Analyst, her random audits found no discrepancies or departures from stated policies.

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