



# City of Chattanooga

Stan Sewell  
Director

INTERNAL AUDIT  
City Hall  
Chattanooga, Tennessee 37402

Ron Littlefield  
Mayor

June 26, 2012

Mayor and City Council  
City of Chattanooga  
Chattanooga, TN 37402

RE: Post Audit Review of NSD Cash Collections, Audit 11-10

Dear Mayor Littlefield and Council Members:

On October 26, 2011, the Internal Audit Division released an audit on the NSD Cash Collections. We performed certain procedures, as enumerated below, with respect to activities of the Neighborhood Services 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 11-10 were that:

1. Proper internal controls are in place for the cash collection process; and,
2. Cash collections are properly documented and submitted to the Treasurer's office within the required three day period.

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

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

We recommended (**Recommendation 1**) that the department properly document the transfer of funds between employees.

Neighborhood Services Department has updated its cash collection policies and procedures to include the mail log and transfer log requirements. The staff were provided training on the updated procedures and provided copies of the revised cash collection policies and procedures manual. We examined the mail log and noted transfers among staff were properly documented.

We recommended (**Recommendation 2**) that the Finance Department update the cash collections policies and procedures manual to include the requirement that two designated employees open the mail, prepare a list of checks received, and obtain a pre-numbered receipt from the cashier (collection report preparer).

We reviewed *Finance Policies & Procedures - Collections* policy (revised April 2012) and noted the policies require a signed receipt be issued whenever funds exchange hands from one employee to another and mail be delivered unopened to a designated employee that prepares a list of all funds received in the mail.

We thank the personnel in Neighborhood Services 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  
Beverly Johnson, Administrator Neighborhood Services  
Daisy Madison, City Finance Officer