



City of Chattanooga

Stan Sewell
Director

INTERNAL AUDIT
City Hall
Chattanooga, Tennessee 37402

Ron Littlefield
Mayor

June 29, 2009

Mayor and City Council
City of Chattanooga
Chattanooga, TN 37402

RE: Post Audit Review of Human Services Department City Relief Fund, Audit 08-01

Dear Mayor Littlefield and Council Members:

On December 16, 2008, the Internal Audit Division released an audit on the HSD Social Services department's City Relief Fund. We performed certain procedures, as enumerated below, with respect to activities of the HSD Social 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 08-01 were that:

1. The City Relief fund does not have any written policies and procedures.
2. Some City Relief fund client files lacked documentation.
3. City Relief payments seemed to be processed correctly but some did lack adequate documentation.

The audit contained five recommendations that addressed the audit's findings. Based on the review performed, we concluded that recommendations 1, 2, 3, and 4 were implemented, and recommendation 5 was partially implemented.

Recommendations Implemented 1, 2, 3, 4

We recommended (**Recommendation 1**) that the HSD management develop written internal policies and procedures, business practices, and goals and objectives related to the City Relief fund assistance program. Employees should have ready access to departmental policies and procedures (hard copy, computer-based or web-based). These procedures should ensure proper internal controls, which include but are not limited to:

- Proper Authorization, Documentation and Approval
- Proper Review and Reconciliation
- Proper Training and Supervision

Management should also consider setting a maximum limit of income for those receiving funds and setting a per year limit on the amount of assistance given per household. We also recommended that the HSD management obtain a signature confirmation from each employee to retain on file as evidence that the written policy/procedure related to the City Relief fund was received by each staff member.

Social Services management has developed written policies and procedures for the City General Relief program. Also, they obtain signature verification from their staff as a receipt of the policy. The policy sets the maximum level of personal income a client may reach before being excluded from the program.

We recommended (**Recommendation 2**) that all HSD records be kept intact and filed in the Social Service's filing room. When records are removed from the filing room a paper receipt should be inserted in the place of the file with the name of the file removed, name of person removing the file, and date.

Based upon discussions with Social Services management, they have setup a new filing system in which all current files have been moved to a separate file storage room. These files are stored there for the current fiscal year and then moved to the main storage room. During the post audit review, files were examined and found in the new file storage room.

We recommended (**Recommendation 3**) that careful verification is made of the client's address prior to receiving funds from the City Relief program to determine that they reside within the city limits of Chattanooga. To help HSD staff with determining the residency, the GIS mapping system should be used that is available on the City's website. The GIS department maintains this website and is available for any questions relating to its operation.

Based upon review of some of the current City General Relief program client files, all clients resided within the city limits and the files contained the GIS printout of their address.

We recommended (**Recommendation 4**) that HSD management include in their written procedures the requirements for clients receiving assistance. Management should review client files on a periodic basis to determine that the required documentation is present.

Based upon review of the City General Relief program policies, they seem to outline the requirements for clients receiving assistance from the program. In addition, Social Services management stated that they have been performing reviews of the completed client files for the proper documentation.

Recommendations Partially Implemented, 5

We recommended (**Recommendation 5**) that HSD management include in their written procedures the requirements for documentation to be included with the warrant voucher. All vouchers must have adequate documentation attached for support. Housing assistance should have the Rental Verification form, letter from the landlord, or mortgage coupon attached for support. A notation should be made on utility bills addressing the amount paid if it is different than the balance due.

Based upon review of the City General Relief program policies, it addresses the proper documentation to be attached for reimbursement. During the review of some City General Relief payments, it was noted that the Supportive Service form did have information on the amount being paid and the reason. However, on the payments for rent reimbursement the supporting documentation was not present. After discussions with Social Services management, they stated that they felt the Supportive Service form provided enough information to support those statements. During the review of the client files, all files did have the adequate documentation in the file to support the payments.

We thank the personnel in HSD Social 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
Bernadine Turner, HSD Administrator