



City of Chattanooga

Stan Sewell
Director

INTERNAL AUDIT
City Hall
Chattanooga, Tennessee 37402

Ron Littlefield
Mayor

January 5, 2009

Mayor and City Council
City of Chattanooga
Chattanooga, TN 37402

RE: Post Audit Review of Wood Recycle Cash Collections, Audit 08-06

Dear Mayor and Council Members:

On June 5, 2008, the Internal Audit Division released an audit on Wood Recycle Cash Collections. We performed certain procedures, as enumerated below, with respect to Wood Recycle Cash Collections 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 08-06 were:

1. There are no written policies/procedures in place for wood recycle cash collections.
2. Controls are not in place to ensure that all collections are properly accounted for and receipts are not always being turned into the Treasurer's Office within the required three (3) day period.
3. Invoiced payments from customers are being received in a timely manner.

The audit contained six (6) recommendations that addressed the audit's findings. Based on the review performed, we concluded that recommendations 2, 3, 5 and 6 were implemented and recommendations 1 and 4 were not implemented.

Recommendations Implemented [2, 3, 5, 6]

We recommended (**recommendation 2**) that a security camera system be installed at the wood recycle scale house to allow Waste Resource Division management to monitor daily operations. We also recommended that receipt signs (that are clearly visible to the customers) to be posted at the scale house.

During our review, we learned that a security camera system has been installed to allow the monitoring of collection activity at the scale house. We also learned that receipt signs have been posted at the scale house.

We recommended (**recommendation 3**) that the Waste Resources Division submit all wood recycle collections to the Treasurer's Office within three (3) days of the initial receipt in order to be in compliance with TCA 6-56-111.

As part of our review, we judgmentally selected twelve (12) collection reports (that contained wood recycle center tipping fee revenue) that the Waste Resources Division had recently submitted to the Treasurer's Office. We found no material issues with these items and it appears that funds are being submitted consistently to the Treasurer's Office within three (3) days of the initial receipt.

We recommended (**recommendation 5**) that management implement a policy to review and sign off on all billing adjustments that are made by Waste Resources Division staff.

During our review, we learned that the Waste Resources Director now periodically reviews billing adjustments and collection report information related to the wood recycle center.

We recommended (**recommendation 6**) that Waste Resources Division management implement a policy to include support showing the date collected and the total amount collected for every item that is listed as support on the wood recycle collection reports.

During our review, we examined collection report supporting documentation from November 2008 and December 2008. We noted that all collection report supporting documentation now includes the specific date to denote exactly when each amount listed on the collection report was collected.

Recommendations Not Implemented [1, 4]

We recommended (**recommendation 1**) that detailed written policies/procedures be developed and implemented that relate to the cash collections process at the wood recycle center.

Per Waste Resources Division Management, detailed written policies/procedures are currently being developed but are not yet completed.

We recommended (**recommendation 4**) that the Waste Resources Division stop waiving tipping fees for not-for-profit organizations that have not complied with TCA 6-54-111 and Section 2-526 of the City Code.

During our review, we learned that not-for-profit companies are still allowed to utilize the wood recycle center for free, and that no adjustments have been made to the City Code since the time Audit 08-06 was completed.

We thank the staff at the Waste Resources Division 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
Daisy Madison, City Finance Officer
Steve Leach, Public Works Administrator
Jerry Stewart, Waste Resources Director