

**Post-Audit Review 12-08:
Civic Facilities Concessions**

February 2014

City Auditor

Stan Sewell, CPA, CGFM, CFE

Senior Auditor

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OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

February 20, 2014

To: Mayor Andy Berke
City Council Members

Subject: Post- Audit Review of Civic Facilities Concessions (Report #12-08)

Dear Mayor Berke and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2013 Civic Facilities Concessions 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. The City had no assurance gross receipts reported by the contractor were accurate;
2. Employees of the contractor did not obtain the required health certificates; and,
3. The contractor owed the City additional rental payments from unreported buyout and caterings.

The audit had 3 recommendations to improve the management and oversight of the concessions contract as well as address internal control deficiencies observed in the collection and reporting process at the Civic Facilities. At the time of this Post-Audit Review, one was partially implemented, and two were implemented. The recommendation partially implemented is 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: Travis McDonough, Chief of Staff
Jeff Cannon, Chief Operating Officer
Audit Committee Members
Cary Bohannon, Director General Services

RECOMMENDATION PARTIALLY IMPLEMENTED (1)

Recommendation	Actions Taken
1 We recommended administration enforce the terms of the contract requiring the contractor provide a point-of-sale system. We recommended management receive documentation from the POS system immediately following each event. In addition, we recommended management develop written policies and procedures related to the management and oversight of the concessions contract.	The contractor installed cash registers at each venue. Cash register tapes are provided to City management at the conclusion of each show. Register tape totals are verified to the monthly summary payment form. Management is currently developing written policies and procedures.

RECOMMENDATIONS FULLY IMPLEMENTED (2)

Recommendation	Actions Taken
2 We recommended EAC require the contractor maintain copies of employee health certificates. Further, we recommended EAC staff periodically review and compare current contractor employees to health certificates.	The contractor requires county health examinations of each employee. General Services department has the contract out for bid. The new contract terms will address the required health certificates.
3 We recommended management immediately request payment for past due rental payments. For all future buyouts, we recommended the City remit the seventy percent due to the contractor rather than requiring reimbursement on the monthly reports.	Management requested and received past due rental payments identified during the audit. In addition, buyouts are paid to the contractor as recommended.

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