

**FINANCE DEPARTMENT
TREASURER'S OFFICE
ONLINE PAYMENTS
AUDIT 08-10
June 12, 2008**



City of Chattanooga

Stan Sewell
Director

INTERNAL AUDIT
City Hall
Chattanooga, Tennessee 37402

Ron Littlefield
Mayor

July 18, 2008

**Mayor and City Council
City of Chattanooga
Chattanooga, TN 37402**

RE: Treasurer's Office Online Payments, Audit 08-10

Dear Mayor Littlefield and City Council Members:

Attached is the Internal Audit report on Treasurer's Office Online Payments.

We thank the management and staff of the Treasurer's Office for their cooperation and assistance during this audit.

Very truly yours,

**Stanley L. Sewell, CPA, CGFM
Director of Internal Audit**

**cc: Dan Johnson, Chief of Staff
Gayle Keown, City Treasurer
Daisy Madison, City Finance Officer**

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Auditor



Director

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INTRODUCTION

The Treasurer's Office allows taxpayers to pay their property taxes (real and personal) online at the City's website. Most property tax statements include a stormwater fee that is related to real property. Once the property tax becomes delinquent, the City does not accept online payments, and delinquent taxes must be handled at the Treasurer's Office. Online payments are accepted from October 1st through the following June 30th of each tax year.

STATEMENT OF OBJECTIVES

The objectives of this audit are to determine if:

1. There are adequate written policies/procedures for the online payment process.
2. Proper internal controls are in place surrounding the collection process for online payments and that online payments are properly accounted for.

STATEMENT OF SCOPE

The audit period covered October 01, 2007 through March 31, 2008.

STATEMENT OF METHODOLOGY

We reviewed information from the Property Tax System and BANNER to obtain information about the online payment process. We also reviewed collection reports and their related supporting documentation as well as the tax roll. We also met with management and staff from the Treasurer's Office and Information Services to obtain an understanding about the online payment process.

STATEMENT OF AUDITING STANDARDS

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions. In addition, we abide by the standards of professional practice established by the Institute of Internal Auditors. An Internal Audit charter has not been approved by the City Council.

AUDIT CONCLUSIONS

Based upon the testwork performed and the audit findings noted below, we conclude that:

1. There are no written policies/procedures in place for the online payment process.
2. Proper internal controls are in place surrounding the collection process for online payments and online payments are properly accounted for.

WRITTEN POLICIES/PROCEDURES NOT IN PLACE

The Treasurer's Office has no written policies/procedures in place to provide guidance for their online payment process.

RECOMMENDATION 1

We recommend that the Treasurer's Office document internal policies and procedures, business practices, and goals and objectives. Employees should have ready access to departmental policies and procedures (hard copy, computer-based or web-based). The Treasurer's Office should document receipt of such policies by all staff. These procedures should ensure proper internal controls, which include but are not limited to:

- Segregation of Duties
- Proper Authorization and Approval
- Proper Review and Reconciliation
- Proper Physical Security of Assets
- Proper Training and Supervision

AUDITEE RESPONSE

The procedures for accepting online payments for property taxes are now in place. All property tax employees have access to all procedures in a shared file in addition to being trained by our property tax supervisor. Our goal is to ensure that all property tax payments are properly posted to their account.