

**Post-Audit Review 16-02:
Learning Academy Collections**

February 2017

City Auditor

Stan Sewell, CPA, CGFM, CFE

Senior Auditor

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OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

February 13, 2017

To: Mayor Andy Berke
City Council Members

Subject: Post-Audit Review of Learning Academy Collections (Report #16-02)

Dear Mayor Berke and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2016 Learning Academy Collections 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. State fees were not always billed timely, resulting in nonpayment by the State for several months of service;
2. Fees were not always collected in accordance with applicable codes or policy and collections were not properly safeguarded;
3. Tracking of billings, payments and delinquencies was inadequate.
4. State fees were reduced based on issues that appear to have developed due to management responsibility for the Learning Academy not being clearly assigned.

The audit had 12 recommendations to improve efficiency and effectiveness of the collection process, as well as address internal control deficiencies observed in collections processes at the Learning Academy. At the time of this Post-Audit Review, one recommendation was not implemented and eleven were implemented. The recommendation not 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: Audit Committee Members
Stacy Richardson, Chief of Staff
Maura Sullivan, Chief Operating Officer
Lurone Jennings, Youth & Family Development Administrator
Daisy Madison, Chief Financial Officer

RECOMMENDATION NOT IMPLEMENTED (1)

Recommendation	Actions Taken
10 We recommended account access (logins) pertinent to a position be transferred/disabled upon separation of employment and access be acquired for new employees no later than when they assume the job.	This recommendation was not documented in policies and procedures at the time of this review. It has since been added to the employee policy manual.

RECOMMENDATIONS FULLY IMPLEMENTED (11)

Recommendation	Actions Taken
1 We recommended YFD management develop written policies and procedures for all administrative functions of the Learning Academy. All relevant codes, policies, regulations and contract/grant requirements should be covered in the policy. Detailed procedures should be included for key job functions. These policies and procedures should be provided to all current staff. New, transferred, or employees assigned new duties should be provided written policies prior to taking on new duties.	Policies and procedures have been developed for Learning Academy processes. Applicable city and state regulations were identified and included in the policies. The policies were explained to employees, and a copy of the policies are kept in the Learning Academy office for employee review.
2 We recommended all YFD employees charged with the collection of funds be provided with a copy of the City's Finance Policies & Procedures Collections manual.	All employees whose positions involve handling cash were provided copies of the Finance Collection Manual and signed receipts acknowledging the receipt of the policy.
3 We recommended YFD management provide pertinent training to all Learning Academy employees. All Learning Academy employees should be made aware of and provided easy access to state regulations for reference as needed.	Written child care policies were provided to all employees, as well as access to the state website. Access to clearly labeled childcare policies are available to Learning Center employees in the Learning Center office. Each employee received a copy of the regulations and signed to signify receipt.
4 We recommended YFD management ensure job descriptions are well written and employees have clearly assigned responsibilities. Individual staff members should be assigned duties to ensure compliance with all regulations, rules and policies.	The Center Supervisor and Administrative Clerk job descriptions were rewritten to specify state child care regulations must be followed by employees. Job duties were explained and presented to the employees.

Recommendation	Actions Taken
5 We recommended the Learning Academy transfer funds daily to the YFD Senior Accounting Clerk.	This recommendation is in place. Learning Academy collections are transferred to the Accounting Clerk daily for deposit.
6 We recommended funds be kept in a safe or lockbox securely attached to a fixture.	Funds are stored in a safe that has been bolted to the floor in the Learning Academy office upon receipt, pending transfer to the Accounting Clerk.
7 We recommended YFD management request a "For Deposit Only" stamp from Treasury. All checks and money orders should be immediately stamped, as required by policy.	A stamp stating "for deposit only" was obtained and is stamped on checks/money orders as they are received from customers.
8 We recommended YFD management consider developing a more automated methodology to track information for the state programs. Management should perform regular reviews of data for accuracy and anomalies.	A process has been implemented in which the Fiscal Analyst performs monthly comparison of budgeted figures to actual collections. The results are forwarded to the Deputy Director for review.
9 We recommended YFD management develop written procedures for collection of state revenues and train new employees prior to assigning related duties. We also recommended the Fiscal Analyst conduct a monthly review of revenues to identify anomalies.	A spreadsheet has been developed to track state childcare reimbursement. A form was provided by Head Start to calculate the number of meal tickets to be charged the state for each meal, along with the amount charged to the state for each. The portion of the recommendation for review is addressed in recommendation 8 above.
11 We recommended YFD management consider implementing a computerized billing/receivables system.	A child care billing system, Childcare +, was put in place December, 2016. Among the information recorded are fees billed, fees paid, receipt number and date paid. The administrative clerk attended training provided by the software vendor.
12 We recommended YFD management develop and implement a written delinquent account policy. The policy should address actions to be taken for past due accounts. We recommended the policy be vetted by the City's Chief Financial Officer and City Attorney to ensure all applicable laws and City policies are followed.	A written delinquency policy is in place, after review by Finance and City Attorney's office. Each new parent is provided a child care agreement (including fees), poverty guidelines to help them determine if they qualify for the State Childcare Certificate program. Parents with past due balances are sent a delinquency letter and asked to sign a repayment agreement.

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