

**Post-Audit Review 17-02:
Fire Department Tangible
Inventory**

December 2017

City Auditor

Stan Sewell, CPA, CGFM, CFE

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OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

December 4, 2017

To: Mayor Andy Berke
City Council Members

Subject: Post-Audit Review of Fire Department Tangible Inventory (Report #17-02)

Dear Mayor Berke and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2017 Fire Department Tangible Inventory (Fire Supply) audit 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 Fire Supply maintains a well-organized stock of inventory. However, we found a need for formal policies and procedures to ensure a sufficient amount of internal controls are in place to properly manage tangible inventory.

The audit had 6 recommendations to improve efficiency and effectiveness of the inventory process as well as address inventory software training needs. At the time of this Post-Audit Review, one recommendation was not implemented, and five 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
 Daisy Madison, Chief Financial Officer
 Phil Hyman, Fire Chief
 Carlos Tibbs, Logistics and Technology Chief, CFD
 Jim Arnette, TN Local Government Audit

RECOMMENDATION NOT IMPLEMENTED (1)

Recommendation	Actions Taken
6 We recommended the Fire Logistics Chief and Inventory Technician receive training on the inventory system.	Funds for on-site training with representatives of the inventory system vendor have been included in the Fiscal 2019 budget.

RECOMMENDATIONS FULLY IMPLEMENTED (5)

Recommendation	Actions Taken
1 We recommended Fire Department management develop written policies and procedures for all functions under Fire Supply. The policies should be distributed to personnel with receipt documented by their signature (written or digital).	Policies and Procedures have been completed and distributed to employees. Employees have acknowledged they received and understand the policies.
2 We recommended all inventory adjustments be approved by the Fire Logistics Chief prior to entry and be posted to the inventory system using the adjustment module. We further recommended adjustment reports be run periodically by management with inspection and investigation of questionable entries.	The Fire Logistics Chief now approves any inventory adjustments prior to being entered into the inventory system. Procedures have been changed to use the adjustment module of the software for any adjustments made within the system.
3 We recommended email records documenting transactions be maintained in a separate folder for safekeeping for a minimum of seven years and until disposition is approved by the RIM team. We further recommended all paper records involved in an inventory transaction be scanned to a folder and retained for the same time period.	All email records are now retained and paper records are scanned into the folder containing the transactional records. This recommendation was implemented during the course of the audit.
4 We recommended the email sent to the fire stations indicating delivery of items require a positive return response from fire station personnel that the supplies have been received as requested. If no response is received, we recommended follow-up inquiries be made.	Procedures for receipt of inventory in fire halls have been changed. If the fire crew is out when items are delivered, someone returns the next day to obtain the needed signature. If the requestor is not available at that time an email is sent to them asking they confirm delivery of the order. They receive appropriate follow-ups until receipt is confirmed or disputed.
5 We recommended documentation of the spot checks be scanned and retained. We further recommended the listing used by the Fire Equipment Specialists for spot checks not contain the number expected to be on hand.	The inventory sheets for spot checks no longer show the expected number on-hand. The Chief feels this has improved the quality of inventory spot checks. Documentation related to inventory spot checks is now retained and stored.

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