

**Post-Audit Review 17-06:
Accounts Receivable**

June 2018

City Auditor

Stan Sewell, CPA, CGFM, CFE

Internal Auditor

Richard Walls, CPA, CIA





OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

June 26, 2018

To: Mayor Andy Berke
City Council Members

Subject: Post-Audit Review of Accounts Receivable (Report #17-06)

Dear Mayor Berke and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2017 Accounts Receivable 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 existing policies and procedures related to the City's accounts receivable process were not broad enough; and,
2. The ability to manage accounts receivable in various departments is limited.

The audit had two recommendations to improve efficiency and effectiveness of the accounts receivable process. At the time of this Post-Audit Review, both recommendations were not implemented. Recommendations not implemented are 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
 Theresa Lee, City Treasurer
 Brian Smart, Operations Manager
 Jim Arnette, TN Local Government Audit

RECOMMENDATIONS NOT IMPLEMENTED (2)

Recommendation	Actions Taken
1 We recommended the Finance Department expand policies and procedures for the accounts receivable process, including write-offs. After issuance of the policies and procedures, the Finance and Treasury Divisions should provide suitable training.	Considerable work has been done to develop a comprehensive policies and procedures manual for the accounts receivable process. However, finalization and issuance are pending adoption of a uniform accounts receivable system.
2 We recommended the Finance Department provide a uniform accounts receivable management system that generates an aging analysis to manage outstanding balances. The system could also be used for uniform invoicing and the imposition of late fees.	The finance department is currently working with the IT department to adopt a uniform accounts receivable management system. The accounts receivable module for the City's Oracle system is one of the alternatives being explored.

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