



# City of Chattanooga

INTERNAL AUDIT

City Hall

Chattanooga, Tennessee 37402

Stan Sewell  
Director

Ron Littlefield  
Mayor

June 16, 2010

Mayor and City Council  
City of Chattanooga  
Chattanooga, TN 37402

RE: Post Audit Review of Heritage House Revenues, Audit 09-14

Dear Mayor Littlefield and Council Members:

On November 13, 2009, the Internal Audit Division released an audit on the Heritage House Revenues. We performed certain procedures, as enumerated below, with respect to activities of the Education, Arts & Culture department in order to render a conclusion on the status of the recommendations made as a result of that audit.

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.

The conclusions of Audit 09-14 were that:

1. Cash collections were properly submitted to the Treasurer's office within the required three day period.
2. It appears rental payments and deposits have been received for all events that took place. However, rental reservations have been confirmed and placed on the online calendar prior to receipt of payment.
3. Damage deposits were properly approved and refunded to customers.

The audit contained four (4) recommendations that addressed the audit's findings. Based on the review performed, we concluded that recommendation 2 was implemented, recommendation 3 was partially implemented and recommendations 1 and 4 were not implemented.

### **Recommendations Implemented [2]**

We recommended (**Recommendation 2**) that Education, Arts & Culture department sponsored events be noted as such on the calendar rather than using the "paid" notation.

Based on auditor's review of the on-line calendar and discussions with staff, the EAC sponsored events are no longer marked as "paid" events on the calendar.

### **Recommendations Partially Implemented [3]**

We recommended (**Recommendation 3**) that the class participants register with City staff prior to or on the first day of class. Further, we recommended City staff reconcile the fees received from the service provider to the participant registration form.

Per discussion with staff and review of the on-line calendar, the Heritage House has had no scheduled classes since the release of the audit report. We reviewed the updated procedures provided by staff. Based on discussions and the information provided, class participants will not be required to register with City staff prior to or on the first day of class. However, the students will be required to complete the sign-in sheet prior to class. Further, City staff will verify each person attending class against the sign-in sheet and reconcile the fees received from the service provider to the participant registration form. The instructors are required to submit 25% of the collected fees within ten days of the first class. For classes that include multiple meeting dates, City staff will perform head counts and compare to the participant registration form to verify all students have paid.

### **Recommendations Not Implemented [1, 4]**

We recommended (**Recommendation 1**) that reservations be placed on the on-line calendar only after the contract is completed and full payment has been received.

Per discussion with staff, reservations will still be placed on the calendar without full payment. Heritage House staff are in the process of updating the rental agreement and rental policies and procedures. The new policies will allow Heritage House staff to place non-paid events on the calendar with the word "tentative". Payment will be required seven days prior to the event. The new department policy states any second request for a "tentative" reservation date will require staff to contact the first requestor and require payment within two days. If first requestor fails to pay, the second requestor will be given two days to pay in full. If neither party pay in full within two days, the date and time will be released and reopened to the general public.

We recommended (**Recommendation 4**) that the service provider contract agreement be updated.