



# City of Chattanooga

Stan Sewell  
Director

INTERNAL AUDIT  
City Hall  
Chattanooga, Tennessee 37402

Ron Littlefield  
Mayor

August 14, 2009

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

RE: Cash Collections, Audit 09-08

Dear Mayor Littlefield and Council Members:

Attached is the Internal Audit Division's report on the Police Department's Information Services Center Cash Collections.

We thank the management and staff of the Police Department Information Services Center for their cooperation and assistance during this audit.

Sincerely,

Stan Sewell, CPA, CGFM  
Director of Internal Audit

cc: Dan Johnson, Chief of Staff  
Stan Maffett, Asst. Chief  
Audit Committee Members

**POLICE DEPARTMENT  
INFORMATION SERVICES CENTER  
CASH COLLECTIONS  
AUDIT 09-08  
July 24, 2009**

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Auditor



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Audit Director

**POLICE DEPARTMENT  
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**INTRODUCTION**

The Information Services Office is a part of the Technical Services Division under the Administration and Support Command of the Chattanooga Police Department. It is supervised by the Technical Services Division Commander who is under the Asst. Chief of Administration and Support. The Asst. Chief is supervised by the Deputy Chief, who is supervised by the Chief of Police. The Information Services Office is responsible, among other things, for the collection of monies for the following reports: Accident, Incident, Crime Analysis, and Background Checks. This office is the link between the public and the Police Department.

**STATISTICS**

	FY06	FY07	FY08
Revenues Collected:	<u>123,258.05</u>	<u>116,696.75</u>	<u>117,369.29</u>

**STATEMENT OF OBJECTIVES**

This audit was conducted in accordance with the Internal Audit Division's 2009 Audit Agenda. The objectives of this audit were to:

1. Determine if there are adequate written policies/procedures for cash collections;
2. Determine if there are proper Internal Controls in place for cash collections.

**STATEMENT OF SCOPE**

Based on the work performed during the preliminary survey and the assessment of risk, we set the audit scope to cover cash collections at the Police Information Services Center from July 2008 through December 2008. Statistical sampling was utilized, with a confidence level of 90% and an acceptable error rate of  $\pm .05$ .

## **STATEMENT OF METHODOLOGY**

The BANNER accounting system was accessed to determine the total number of transactions made during the audit period. On-site observations of the activities at the Center, along with interviews, were also performed to help form an opinion as related to the objectives of this audit. Source documentation was obtained from the Finance Department, with the Information Services Center personnel providing other records as needed to formulate a conclusion as to the objectives of this audit. Original records as well as copies were used as evidence and verified through physical examination.

## **STATEMENT OF AUDITING STANDARDS**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **AUDIT CONCLUSIONS**

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

1. there are adequate written policies/procedures for cash collections, and
2. there are proper Internal Controls in place for cash collections.

## **NOTEWORTHY ACCOMPLISHMENTS**

During the review of the cash collection process for the Information Services Center of the Police Department, we were able to observe a very well organized system and an efficient operation. Management was very open to suggestions, as evidenced by the prompt action taken to our recommendations, as noted below, and also very cooperative with the Audit staff. Internal controls and internal security are very tight, limiting the possibility of errors or intentional wrong-doing.

While the findings discussed below may not, individually or in the aggregate, significantly impair the operations of the Information Services Center, they do present some risks that can be more effectively controlled.

### **SEPARATE CASH DRAWERS NOT BEING UTILIZED**

Per the initial interview, it was discovered that the clerks who work the front counter use a single cash register and accompanying cash drawer. Although the Department has alternate internal controls in place that appear to be sufficient, state law requires each clerk to utilize a separate cash drawer.

### **RECOMMENDATION 1**

We recommend the clerks at the front counter begin using their own register and cash drawer immediately. When multiple clerks are working, each should have their own register and cash drawer. This recommendation was implemented by the Department prior to the completion of our audit.

### **AUDITEE RESPONSE**

We agree with this recommendation.

### **SUPERVISORY REVIEW OF COLLECTION REPORTS NEEDED**

Also revealed during the initial interview, the supervisor's do not review the daily collection reports after they are prepared for submission to the Treasurer's Office. The Treasurer's Office does not verify that supporting documentation matches the amounts reported. The Treasurer's Office only verifies the amount received matches the amount reported on the collection report.

### **RECOMMENDATION 2**

We recommend the supervisors review the collection reports to ensure supporting detail documentation matches the amounts reported prior to submission to the Treasurer's Office. We further recommend the supervisor initial the collection report as an indication this procedure has been performed. This recommendation was implemented by the Department prior to the completion of our audit.

### **AUDITEE RESPONSE**

We agree with this recommendation.