

**Post-Audit Review 19-10:
Real Property Management**

August 2021

City Auditor

Stan Sewell, CPA, CGFM, CFE

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OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

August 30, 2021

To: Mayor Tim Kelly
City Council Members

Subject: Post-Audit Review of Real Property Management (Report #19-10)

Dear Mayor Kelly and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2020 Real Property Management 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. New City Code should be established that outlines the duties of the Real Property Office and provides them authority over the management of City properties;
2. Real Property should enhance data management of City property; and,
3. Written policies and procedures should be developed for real property.

The audit had four recommendations to improve efficiency and effectiveness of real property management as well as develop new methods to maintain property and lease records. At the time of this Post-Audit Review, two recommendations were not implemented, one was partially implemented, and one was implemented. Recommendations partially implemented and 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
 Brent Goldberg, Chief of Staff
 Julia Bursch, Deputy Chief of Staff
 Jermaine Freeman, Senior Advisor for Economic Opportunity
 Gail Hart, Real Property Manager
 Daisy Madison, Chief Financial Officer
 Brent Messer, Chief Information Officer
 Chris Anderson, Director of Innovation, Delivery & Performance
 Jim Arnette, TN Local Government Audit

RECOMMENDATIONS NOT IMPLEMENTED (2)

Recommendation	Actions Taken
<p>2 We recommended ECD lead the effort to add an ordinance to City Code requiring the following: 1) Council and Administration receive regularly scheduled reporting related to real property holdings, detailing parcels used for City purposes, parcels used by outside entities, parcels reserved for economic development, as well as properties not identified for a particular use; 2) formation of a standing committee with representatives from departments involved in property management to determine future real property needs and make recommendations regarding unused property; 3) when procurement of property is necessary, ECD be informed of the need and ECD locate and procure property acceptable to the requesting department to fulfill the stated need; 4) Real Property Office is given authority for management of property leases, whether the City is lessor or lessee. This recommendation was previously made in Audit 12-05; 5) all properties managed by or leased to outside entities be inspected and a report on those properties be produced annually and distributed to Council and Administration.</p>	<p>The Real Property Office had discussions with the previous administration on developing new City Code provisions to address this recommendation. However, progress was never made on developing new language. Current administration is aware of the recommendation and will begin working on developing new language that will address the audit recommendations. They will work on updating the City Code once a draft is fully developed.</p>
<p>3 We recommended the Real Property Office develop a spreadsheet methodology to compare City-owned properties downloaded from the county database to Real Property database records. The Real Property Office should also consult with DIT regarding the possibility of automating the process of performing the comparison and identifying differences.</p>	<p>The Real Property Office began work on this recommendation. However, the staff person assigned this responsibility was transferred and has not been replaced. The Real Property Manager indicated she is unable to take on this duty along with her current responsibilities. In addition, the Real Property Manager conferred with DIT and they are unable to automate this process.</p>

RECOMMENDATION PARTIALLY IMPLEMENTED (1)

Recommendation

- 4 We recommended the Real Property Office grant approval for DIT to modify the property database to include appropriate lease information. Programming should include the ability to enter lease-related dates, track payments, non-cash compensation details and the ability to compile reporting to inform personnel of upcoming lease expirations and out-of-date insurance policies.

Actions Taken

The Real Property Office believes a proprietary software package specifically for lease property would be more functional than updating the current database. The Real Property Office has requested DIT research lease management software. DIT has begun setting up demos with applicable vendors.

RECOMMENDATION FULLY IMPLEMENTED (1)

Recommendation

- 1 We recommended the Real Property Office formalize policies and procedures for property management and place them on the City intranet (e-portal) to provide guidance to individuals/departments. The policies and procedures should align with a proposed ordinance in Recommendation #2.

Actions Taken

The Real Property Office has uploaded their formalized policies and procedures to the City's e-portal.

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