

**Post-Audit Review 20-01:
Nonprofit Appropriations**

June 2021

City Auditor

Stan Sewell, CPA, CGFM, CFE

Senior Auditor

Richard Walls, CPA, CIA, CMFO





OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

June 17, 2021

To: Mayor Tim Kelly
City Council Members

Subject: Post-Audit Review of Nonprofit Appropriations (Report #20-01)

Dear Mayor Kelly and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2020 Nonprofit Appropriations 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 the Department of Finance & Administration's Office of Management & Budget Analysis was generally doing a good job managing the Nonprofit Appropriations process. However, we found there was value in exploring opportunities for improvement.

The audit had two recommendations to improve efficiency and effectiveness of the Nonprofit Appropriations process. At the time of this Post-Audit Review, both recommendations have been implemented.

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
Daisy Madison, Chief Financial Officer

Tanikia Jackson, Deputy Chief Financial Officer
Fredia Forshee, Director of Management & Budget Analysis
Jim Arnette, TN Local Government Audit

RECOMMENDATIONS IMPLEMENTED (2)

Recommendation	Actions Taken
1 We recommended the Chief Financial Officer initiate changes to the city code in order to clarify the assignment of authority and responsibility for overseeing nonprofit appropriations, as well as collecting and filing of the required documentation.	Ordinance No. 13676 was passed on the second and final reading on May 25, 2021. The ordinance clarifies the assignment of authority and responsibility for overseeing nonprofit appropriations, as well as collecting and filing of the required documentation.
2 We recommended the Department of Finance & Administration's Office of Management & Budget Analysis create a verification form to certify all required documentation is on file for each nonprofit. Responsibility for ensuring the form is completed should be assigned, as a formal job duty, to a specified position/person. The City Council is responsible for oversight and should be provided the form for each nonprofit receiving funds, prior to budget recommendations.	<i>An Agency Nonprofit Charitable & Civic Organizations Required Document Verification Form</i> has been created. Per Ordinance No. 13676 the Chief Financial Officer is responsible for submitting the form to the City Council Clerk certifying that all items have been received and reviewed prior to the budget recommendations for each fiscal year and before appropriation is made by the City Council in the annual budget ordinance.

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