



City of Chattanooga

Stan Sewell
Director

INTERNAL AUDIT
City Hall
Chattanooga, Tennessee 37402

Ron Littlefield
Mayor

July 14, 2009

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

RE: Post Audit Review of Personnel Department Tuition Reimbursement, 08-13

Dear Mayor Littlefield:

On December 30, 2008, the Internal Audit Division released an audit on the Personnel Department Tuition Reimbursement Policy. We performed certain procedures, as enumerated below, with respect to activities of the Personnel 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 08-13 were that:

1. Only qualified employees were participating;
2. Reimbursements were job related and part of the employee's City career plan;
3. Reimbursements were not pre-approved in 40% of the cases;
4. The reimbursements were not calculated correctly and/or supported in 84% of the cases;
5. The employee file did contain proper documentation of course completion.

The audit contained 3 recommendations, which the Department concurred with, that addressed

the audit's findings. Based on the review performed, we concluded that recommendations 1 and 3 were partially implemented, and recommendation 2 was not implemented.

Recommendations Partially Implemented

We recommended (**Recommendation 1**) that the Tuition Reimbursement Policy be revised to centralize the processing of all reimbursement activity, including the preparation of the ultimate payment document, in the Personnel Department to allow a thorough and consistent review to take place.

We recommended (**Recommendation 3**) that the Tuition Reimbursement Policy be revised to clarify potentially ambiguous or contradictory terminology, as well as to more clearly state the process/steps to be followed and assign full administrative responsibility to the Personnel Department.

At this time, the Personnel Department has a draft of a new Tuition Reimbursement Program Policy in the works. Per the Director of Personnel, the draft will be finalized and implemented upon consensus of the Finance Department.

Recommendations Not Implemented

We recommended (**Recommendation 2**) that when processing the termination of an employee, the Personnel Department should notify Payroll that Tuition Reimbursement repayment is due when a person resigns within a year of receiving assistance.

The Administrator of the Personnel Department stated that they are not doing this at this time, but will start complying when the new policy is complete and adopted.

We thank the staff in the Personnel Department for their assistance in conducting this review. We will consider this report to be final unless directed to continue our review.

Sincerely,



Stan Sewell, CPA, CGFM
Director of Internal Audit

cc: Dan Johnson, Chief of Staff
Donna Kelly, Administrator of Personnel
Daisy Madison, Chief Financial Officer