

INTERNAL AUDIT



May 19, 2017

Audit Committee Members
Mayor McMillan and City Council
City of Clarksville
Clarksville, Tennessee 37040

Dear Audit Committee, Mayor McMillan and City Council Members:

The Internal Audit department has performed a follow up assessment of the following audit:

Audit Title	Audit Period
Parks and Recreation Special Events	July 2010 – June 2012

Our assessment included a review of actions taken by management to address findings and recommendations identified in the original audit, as well as other steps as deemed necessary to substantiate those actions. The scope of this assessment was significantly less than an audit performed in accordance with generally accepted government auditing standards. If a full audit had been performed in this situation, we may have found other issues which would require further reporting or modification of our conclusions. During the time between performance of the original audit and the follow up assessment, Parks and Recreation underwent a change in the department's director. Internal Audit worked with the new Director during the follow up assessment.

Based on our review, the department has taken appropriate steps to address some findings and recommendations from the original audit. For findings and recommendations noted on the following pages as partially or not addressed, Internal Audit worked with management to facilitate further progress in addressing these issues. The Internal Audit department will continue to follow up on these issues until they have been fully addressed.

If you have any questions regarding this assessment, please contact the Internal Audit department at 648-6106.

Respectfully,

Rodney Wright, CPA, CIA, CFSA
Director of Internal Audit

cc: Charlie Gentry, Chief of Administration
Laurie Matta, Chief Financial Officer
Jennifer Letourneau, Parks and Recreation, Director

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Internal Audit Follow Up Assessment Results

Findings Not Addressed

Finding (F) or Other Recommendation (OR)	Summary of Actions Taken
OR3 Improve policies and procedures surrounding special event permits.	Although there is an existing section of City Code related to permits for certain types of events, the Parks and Recreation department does not find that it is detailed enough to give clarity to all issues surrounding this process. In previous attempts to address this issue, the department has attempted to clarify the Code section in their internal policies, but they feel it would be more appropriate for the Code Section to be updated to address issues related to special event permits. Internal audit recommends that the department take the issues before the Parks and Recreation Committee and request that the City Council take appropriate action on this issue.

Findings Partially Addressed

Finding (F) or Other Recommendation (OR)	Summary of Actions Taken
F1 The manual transfer of information between two software applications creates a weakness in internal control between the cash receipting system and the financial accounting system.	The Parks and Recreation department has been working with both the Finance and IT departments to implement an interface between RecPro and MUNIS. The existing interface option between the two software systems does not allow for a summarization of RecPro transactions to be imported into MUNIS, which does not meet the needs of each department involved. As a result of the follow up assessment process, work has begun again on addressing this finding. RecPro representatives have indicated recently that they are planning to develop a summary report for a future update of the RecPro software; however, there is no estimated date for completion.
F3 The Recreation Special Revenue Fund is not configured in accordance with City Code and the funds are not being spent in accordance with the City spending prioritization policy.	Following the original audit, the finance department combined the two separate special revenue funds, as recommended in the audit. Another portion of this finding was related to non-compliance with the City's

Finding (F) or Other Recommendation (OR)	Summary of Actions Taken
	<p>spending prioritization policy, which requires committed funds be spent prior to assigned/unassigned funds. After much discussion with the Parks and Recreation and Finance departments, it appears that Parks and Recreation is not properly following the spending prioritization plan. Parks and Recreation and Finance are currently collaborating to ensure that proper procedures are in place to ensure that the policy is followed. Per the Parks and Recreation Director, the department has made adjustments to the FY 2017-2018 budget to address the spending prioritization policy, including combining several areas of the department into special revenue funds. The budget for the upcoming year has not yet been passed by the City Council.</p>

Findings Completely Addressed

Finding (F) or Other Recommendation (OR)	Summary of Actions Taken
<p>F2 Some CPRD vendor and entertainment purchase orders are not being created in compliance with City policies.</p>	<p>Parks and Recreation has developed a flow chart which is used within the department to educate and remind employees of purchasing procedures. Additionally, the department has developed an internal contract tracking process to ensure that all contracts are properly signed by the Director and the Mayor. The auditor reviewed the purchasing flow chart, as well as the contract tracking process.</p>
<p>OR1 Create a written policy to address inclement weather and special events.</p>	<p>The Parks and Recreation department collaborated with Montgomery County Emergency Management to develop a written policy which addresses weather related issues, as well as other emergency situations, for various venues throughout the City.</p>
<p>OR2 Make certain improvements to ticket sales/cash handling at River Fest.</p>	<p>Since the time of the audit, Parks and Rec has made various improvements to this process as suggested in the original audit. The department has added an additional ticket booth, added extra lighting within ticket booths to reduce cash handling errors, provided required training for those with cash handling responsibilities, and restricted access and added security to the vault area.</p>
<p>OR4 Update petty cash procedures to add a receipt requirement.</p>	<p>The department updated their cash handling policy to require appropriate receipt documentation for each petty cash purchase.</p>

Finding (F) or Other Recommendation (OR)	Summary of Actions Taken
OR5 Develop a written policy for vendor selection.	The department established a written vendor selection policy which covers selection criteria for a variety of City events. The selection policy is specific and gives criteria to accept or deny vendors.