

**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:

<b>Audit Title</b>	<b>Audit Period</b>
Wastewater Treatment Plant Recovery	May 2010 – November 2011

Our assessment included an evaluation 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.

Based on our assessment, appropriate steps have been taken to address all findings and recommendations from the original audit. At this time, the Internal Audit department has determined that no further actions should be taken in relation to this audit.

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
- Pat Hickey, General Manager, Clarksville Gas and Water
- Fred Klein, CFO, Clarksville Gas and Water
- Chris Lambert, Public Utilities Senior Director, Clarksville Gas and Water

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## Internal Audit Follow Up Assessment Results

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### Findings Completely Addressed

Finding (F) or Other Recommendation (OR)	Summary of Actions Taken
F1 Planning costs were prematurely capitalized.	Clarksville Gas and Water added additional project codes to delineate engineering costs. Accounting staff also corrected the capitalization error noted during the audit when notified thereof. Currently, all projects undergo review prior to capitalization. The auditor was able to confirm that the capitalization error was corrected, and that there is a separate project code for isolating engineering costs associated with the wastewater treatment plant construction. Additionally, the auditor observed a portion of the review process which projects undergo prior to capitalization.
F2 Weakness regarding grant claims	Issues with the grant reimbursements noted in the audit stemmed from delayed communication between FEMA/TEMA and Clarksville Gas and Water. Per management, several steps have been taken to address communication throughout the grant application process, including continuous communication with TEMA representatives and retaining the services of an outside firm to assist in appealing funding decisions. While testing was not performed due to the nature of the recommendation, based on the response given by management, it appears that they have addressed the applicable finding and recommendation.