



CITY OF ATLANTA

City Auditor's Office
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December 2017

Performance Audit:

Accounts Receivable

Atlanta Fire Rescue Department and Department of Parks and Recreation

What We Found

The Atlanta Fire Rescue department did not report all bills issued for collections to the chief financial officer, as required by city code. Consequently, not all receivables were recorded on the city's books, increasing the potential for error or fraud. As of September 2015, receivables in the Atlanta Fire & Rescue Department totaled \$137,000, with most more than 90 days past due.

Control weaknesses in the department could affect data accuracy. Two employees were jointly responsible for creating and mailing permits and invoices, collecting payments, and recording payments. Fraud risk was increased because the department accepted cash payments and failed to transfer collections promptly.

While the Department of Parks and Recreation reported bills issued for collections to the chief financial officer, as required by city code, control weaknesses could affect data accuracy. Participants were allowed to attend programs for which they were not enrolled. Because enrollment triggers the billing process, these participants may not have been billed. As of September 2015, receivables in the Department of Parks and Recreation totaled \$334,000, with most more than 90 days past due.

Neither of the billing and collection systems used in the parks and fire departments fully complied with city password policy nor had the departments systematically reviewed user access. Controlling access to records is a key preventive control for ensuring data integrity.

Why We Did This Audit

We undertook this audit because reconciling accounting records to receivables is a key control to detect errors, irregularities, and potential fraud. We became aware of revenue systems outside of the city's Oracle Financial system. We focused on systems in use by the departments of Parks and Recreation and Atlanta Fire Rescue because the departments are responsible for both billing and collecting and we identified risks during preliminary assessments.

What We Recommended

We recommend the Atlanta Fire Rescue Department:

- enter transactions into Oracle or work with AIM to develop a report to provide to finance
- transfer collection of permit fees finance
- separate job functions so that no single individual can issue a permit and adjust an invoice

We recommend the Department of Finance:

- manage collection of fire safety permit revenue

We recommend the Department of Parks and Recreation:

- reconcile attendance with enrollment
- track attendance manually when systems outages occur and enter attendance into the system
- strengthen access controls in ActiveNet

We recommend Atlanta Information Management:

- change password settings in the Fire Safety Permit System to comply with citywide password policy
- review user access periodically, confirming with management that access privileges are appropriate
- establish a process to remove terminated users from the Fire Safety Permit System as they leave city employment

For more information regarding this report, please use the contact link on our website at www.atlaudit.org.

Management Responses to Audit Recommendations

| Summary of Management Responses | | |
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| Recommendation #1: | Atlanta Fire Rescue should enter transactions into Oracle or work with AIM to develop a report for Finance. | |
| Response & Proposed Action: | AFR is working with AIM and a consultant to address automation, records management, and fiscal reporting. | Agree |
| Timeframe: | March 31, 2018 | |
| Recommendation #2: | Atlanta Fire Rescue should stop accepting payments for permits and transfer this function to Finance. | |
| Response & Proposed Action: | AFR is working with AIM and a consultant to implement accounts receivable processes based on those used by Finance. | Agree |
| Timeframe: | March 31, 2018 | |
| Recommendation #3: | Atlanta Fire Rescue should separate the functions of issuing a permit and adjusting the invoice. | |
| Response & Proposed Action: | AFR has discontinued inspectors' collection of revenue, requires more timely submission and posting of revenue, and is working with AIM to improve software security and controls over user access. | Agree |
| Timeframe: | March 31, 2018 | |
| Recommendation #4: | Parks and Recreation should reconcile attendance with rosters. | |
| Response & Proposed Action: | A Recreation Program Supervisor (RPS) will conduct a monthly review of a sample of weekly Rosters against attendance records in an effort to ensure all children that are participating in a program are correctly recorded and billed. In addition, the department's Management Services Office (MSO) will conduct an independent review on a quarterly basis of a sample of weekly rosters. | Agree |
| Timeframe: | End of February 2016. | |
| Recommendation #5: | Parks and Recreation should track attendance manually when system outages occur. | |
| Response & Proposed Action: | The department will track attendance manually when the system outages occur using a physical sign-in sheet, and enter any attendance information if the system is restored the same day. | Agree |
| Timeframe: | End of January 2016. | |
| Recommendation #6: | Parks and Recreation should strengthen password settings to compensate for system limitations. | |
| Response & Proposed Action: | System Administrators have decreased password failed tries from 5 to 3. System Users will also be required to change passwords every 60 days as opposed to 90 days. | Agree |
| Timeframe: | Completed. | |
| Recommendation #7: | Parks and Recreation should remove known terminated users and develop a process to continue doing so going forward. | |

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| Response & Proposed Action: | Terminated users who were identified have already been removed. The System Administrator will periodically reconcile between list of current employees and active system users to remove any individuals that may have been missed by the current control method (See Comments). | Agree |
| Timeframe: | End of January 2016. | |
| Recommendation #8: | Parks and Recreation should periodically review user access and roles to ensure that system permissions are appropriate. | |
| Response & Proposed Action: | The department will conduct reviews of user access and roles on a periodic basis to ensure appropriate users have proper access and roles. | Agree |
| Timeframe: | End of February 2016. | |
| Recommendation #9: | Finance should take over the collection of fire safety permit revenue. | |
| Response & Proposed Action: | Atlanta Fire & Rescue and DOF-Revenue have been working collaboratively since the 1st quarter of 2016 to implement a cashiering module through Infor (Hansen) to grant access to the Department of Finance to accept and post permit payments directly to the new Hansen cashiering module, which will interface with Oracle. | Agree |
| Timeframe: | End of December 2017 | |
| Recommendation #10: | AIM should ensure that password settings in the Fire Safety Permit System comply with the citywide password policy. | |
| Response & Proposed Action: | Password parameters for the Fire Safety Permit System were modified to satisfy complexity and password reuse prior to December 11th, 2015. The same is reviewed biannually to verify compliance. | Agree |
| Timeframe: | December 2015 | |
| Recommendation #11: | AIM should periodically review the Fire Safety Permit System to ensure appropriate access privileges and to remove terminated users. | |
| Response & Proposed Action: | As of Q3 2016, application administrator reviews current accounts against the biweekly termination list originated from Oracle. Starting Q2 FY17 biannual and quarterly reviews will be conducted for the Fire Safety Permit System to confirm assigned users are currently employed and are assigned access commensurate with their duties. Password configuration will also be checked for compliance. | Agree |
| Timeframe: | Q3 2016 | |