

**Post-Audit Review 25-01:
Industrial Sewer Fee Collections**

June 2026

City Auditor

Stan Sewell, CPA, CGFM, CFE

Senior Auditor

Richard Walls, CPA, CIA, CMFO





OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

June 8, 2026

To: Mayor Tim Kelly
City Council Members

Subject: Post-Audit Review of Industrial Sewer Fees Collections (Report #25-01)

Dear Mayor Kelly and City Council Members:

Attached is a summary report on the status of audit recommendations in our September 2025 Industrial Sewer Fees Collections 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 that there are fundamental controls for certain aspects of the Industrial Sewer Fees Collections program, but opportunities exist for improvement.

The audit had three recommendations to improve efficiency and effectiveness of the Industrial Sewer Fees Collections program. At the time of this Post-Audit Review, all three recommendations were not implemented. Recommendations not implemented are herein reported to the Audit Committee for follow-up, as appropriate.

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
Kevin Roig, Chief of Staff
Mande Green, Chief Operating Officer
Mark Heinzer, Administrator Wastewater Systems
Lawrence Carter, Deputy Administrator Wastewater Systems
Kendra Yates, Assistant Director Wastewater Administration
Jim Arnette, TN Local Government Audit

RECOMMENDATIONS NOT IMPLEMENTED (3)

Recommendation	Actions Taken
1 We recommended that the Moccasin Bend Wastewater Treatment Plant develop comprehensive written policies for its billing processes. These policies should include specific guidelines for establishing accounts receivable and a clear framework for handling delinquent accounts	Per Wastewater Systems management, the comprehensive written policies are in process and should be completed by September 1, 2026.
2 We recommended that the Moccasin Bend Wastewater Treatment Plant (MBWWTP) automate its accounts receivable process. This automation should include a system for handling delinquency notifications to ensure a timely and consistent collection effort.	Per Wastewater Systems Management, the automation of accounts receivable is in process and should be completed by September 1, 2026.
3 We recommended that the Moccasin Bend Wastewater Treatment Plant (MBWWTP) conduct a review of its wastewater discharge permit fees. The goal of this review is to assess whether an increase is necessary to ensure adequate cost recovery. Going forward, the plant should conduct a similar review at least every three years.	Per Wastewater Systems management, the review of wastewater discharge permit fees is in the planning stages and should be completed by September 1, 2026.

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