

Office of Internal Audit

Annual Report 2012

City Auditor
Stan Sewell, CPA, CGFM





OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

March 25, 2013

To: Audit Committee Members

Re: 2012 Annual Report

Dear Audit Committee Members:

The attached report contains the results of calendar year 2012 Office of Internal Audit activities.

We completed our first community survey in 2012 and are already preparing for the 2013 community survey. We are excited about the insights this provides to our elected officials and other leaders. In particular, we believe the information will become more valuable after our third survey is conducted, when we may report trends.

In addition to our normal activities, during 2013 we expect to revamp our fraud reporting campaign by updating our posters to provide a clear message, develop a training session for newly elected officials and develop an audit satisfaction survey.

Sincerely,

Stan Sewell, CPA, CGFM
City Auditor

Attachment

PERSONNEL

The City of Chattanooga's Office of Internal Audit (OIA) had five professional audit staff positions and one part-time administrative staff position as of December 31, 2012:

City Auditor Stanley L. Sewell, CPA, CGFM

Senior Auditor Lisa Culver, CFE

Internal Auditors Pamela Swinney, CPA
Barry Teague, CPA
Meghan Petty, CIA, CGAP

Administrative Staff Nelda Slade

STANDARDS OF PRACTICE

OIA conducts audits in accordance with standards promulgated by the United States Comptroller known as Generally Accepted Government Auditing Standards (more commonly referred to as Yellow Book).

ACCOMPLISHMENTS

Our office had its second peer review in March 2012. The peer review report is posted on the Internal Audit website. The Office received an unqualified (clean) opinion.

During calendar year 2012, OIA issued 8 audit reports and completed 14 post audit reviews. All audit reports are available on the Internal Audit website. In addition, OIA performed 27 special projects and handled 25 hotline cases. Two audits were canceled during 2012 with explanation letters provided to the Mayor, City Council and Audit Committee.

As of December 31, 2012, there were two audits from the 2012 Audit Schedule in progress: Transfer Station Billings and Civic Facilities Concessions Contract. Audits remaining on the 2012 Audit Schedule were considered in our risk assessment process for the 2013 Audit Schedule, with five being included.

Per the Association of Local Government Auditors (ALGA) bi-annual benchmarking survey for 2012 (Group two – 3 to 5 auditors), the average number of projects (Audit, Post Audit Review and Non-audit) per year was 38. OIA completed 74 total projects (195% above average).

During 2012, OIA conducted the first annual Chattanooga Community Survey. The survey was conducted as a special project and was substantial in scope. Elected officials and City leaders are encouraged to utilize the data in decision making. Annual surveys conducted in future years will allow for trend analysis.

OTHER

The Internal Audit Division was transferred to a newly created Office of Internal Audit per a Charter Amendment effective October 1, 2012. This annual report combines data for the previous Division with data for the new Office to report a full year of operations. The Director of Internal Audit for the Division is now the City Auditor. The City Auditor is responsible to the Audit Committee.

OIA regularly provides technical information, upon request, to various personnel throughout the City. These requests typically involve no more than a few hours of time and do not result in a memo, letter or report. These activities are not recorded as projects and no physical files are created. A substantial increase in these requests occurred during 2012.

OIA updated its policies and procedures manual and reorganized various practices during 2012 to address substantial changes required by a revision to Yellow Book.