

Office of Internal Audit

Annual Report 2023

City Auditor
Stan Sewell, CPA, CGFM, CFE





OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

February 2, 2024

To: Audit Committee Members

Re: 2023 Annual Report

Dear Audit Committee Members:

The attached report contains the results of calendar year 2023 Office of Internal Audit (OIA) activities.

In addition to our audits, we completed a substantial number of other projects spanning a variety of areas. We completed our twelfth annual Community Survey, our ninth annual CAFR Financial Review and our fourth annual Work Environment Survey.

The OIA had no turnover in staff during 2023.

Sincerely,

Stan Sewell, CPA, CGFM, CFE
City Auditor

Attachment

PERSONNEL

The City of Chattanooga's Office of Internal Audit (OIA) had five (5) professional audit staff positions and one (1) part-time administrative staff position as of December 31, 2023:

City Auditor: Stanley L. Sewell, CPA, CGFM, CFE

Senior Auditors: Lisa Culver, CFE
Jeff Connor, JD, CFE
Richard Walls, CPA, CIA, CMFO
Pamela Swinney, CPA

Administrative Staff: Taffy Dishroon, CMFO

STANDARDS OF PRACTICE

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

ACCOMPLISHMENTS

During calendar year 2023, OIA issued seven (7) audit reports and completed five (5) post audit reviews (PARs). All audit reports and PARs are available on the Internal Audit webpage. In addition, OIA completed 28 special projects and completed/closed 31 hotline cases.

As of December 31, 2023, there were four (4) audits from the 2023 Audit Agenda in progress: Citywide Camera Management, Human Resources Hiring Process, CDL Drivers, and Fire Department Time & Leave Reporting (Sworn). There were three audits remaining on the 2023 Audit Agenda. The Industrial Sewer Fees audit was rolled over to the 2024 Agenda. The Police Advisory Review Committee audit was not initiated due to a material change in the related Tennessee Code. The On Call/Callback pay audit was not initiated due to a special project conducted during 2023 that substantially addressed the area to be reviewed.

According to the Association of Local Government Auditors (ALGA) benchmarking survey for 2022, Audit shops reported 75% of their staff had at least one professional certification. One hundred percent of OIA staff possess at least one (1) professional certification, most possess multiple certifications.

The average annual budget for a local government audit shop with five auditors was \$927,000 in 2018¹. OIA's FYE 2024 budget is \$862,154. According to the 2022 survey (for Group Two - 3 to 5 auditors), the average number of audits completed was 9. Total projects (Audit, PAR and Non-Audit) completed per year averaged 19.² OIA completed 71 total projects during 2023.

OTHER

For 2023, the Chattanooga Chapter of The Institute of Internal Auditors appointed David Bowman to the audit committee. Mr. Bowman is a Certified Public Accountant and a Certified Internal Auditor with thirty years of experience in auditing. He replaces James Harris who served two full terms on the Audit Committee.

OIA regularly provides technical assistance, upon request, to various departments and 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. We encourage these inquiries, as OIA is often able to reference previous project work and/or focus attention to a technical matter that managers throughout the city may not have the time to research.

¹ ALGA's 2022 survey did not capture audit organization budget information.

² The average number of audits for 2018 and 2022 was nine (9) vs. OIA's seven (7) during 2023. The 2022 survey did not capture the number of non-audits. The average number of non-audits for 2018 was ten (10) vs OIA's sixty-four (64). Many shops complete PAR's as audits whereas OIA classifies these as non-audits (OIA completed five (5) PARs).