

Office of Internal Audit

Annual Report 2024

City Auditor
Stan Sewell, CPA, CGFM, CFE





OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

February 11, 2025

To: Audit Committee Members

Re: 2024 Annual Report

Dear Audit Committee Members:

The attached report contains the results of calendar year 2024 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 thirteenth annual Community Survey, our tenth annual CAFR Financial Review and our fifth annual Work Environment Survey.

The OIA had no turnover in staff during 2024.

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, 2024:

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

Senior Auditors: Lisa Culver, CFE
Jeff Connor, JD
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 2024, OIA issued eight (8) audit reports and completed seven (7) post audit reviews (PARs). All audit reports and PARs are available on the Internal Audit section of the City's webpage (Audits and Reports). In addition, OIA completed 20 special projects and completed/closed 20 hotline cases.

As of December 31, 2024, there were two (2) audits from the 2024 Audit Agenda in progress: Separated Employee Benefits and Payroll Deductions. There were three audits remaining on the 2024 Audit Agenda. The Industrial Sewer Fees audit and the CPD Hiring Process audit were rolled over to the 2025 Agenda. The Cybersecurity Audit was moved to our potential future audits list. An audit of Amazon Procurements was initiated during 2024 and canceled due to an external assessment initiated by management. However, this audit has been added to the 2025 Agenda.

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 2025 budget is \$867,025. 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 55 total projects during 2024.

OTHER

For 2024, the Chattanooga Chapter of the Association of Certified Fraud Examiners re-appointed William Acuff to the Audit Committee for a second term beginning January 1, 2025. Mr. Acuff is a Certified Public Accountant, Certified Internal Auditor and Certified Fraud Examiner.

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 eight (8) during 2024. 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 fifty-five (55). Many shops complete PAR's as audits whereas OIA classifies these as non-audits (OIA completed seven (7) PARs).