

**City of Chattanooga
Internal Audit Division
Annual Report 2009**

PERSONNEL:

The City of Chattanooga's Internal Audit Division had five audit staff positions and one part-time administrative staff position as of December 31, 2009:

Director of Internal Audit
Stanley L. Sewell, CPA, CGFM

Senior Auditor
Lisa Culver, CFE

Internal Auditor
Mike Hicks, CGFM
Mark Messer, CIA, CFE
Pamela Swinney, CPA

P-T Administrative Staff
Nelda Slade

STANDARDS OF PRACTICE:

The Division 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). Due to compliance with GAGAS, the Division has been exempted from the State requirement to follow the standards of practice set by The Institute of Internal Auditors (IIA). However, the policies and procedures followed by the Division substantially comply with the IIA standards.

ACCOMPLISHMENTS:

The Division issued thirteen (13) audit reports and conducted fifteen (15) post audit reviews during the calendar year 2009. All audit reports are available on the Internal Audit Division's website. In addition, the Division performed twenty-five (25) special projects, excluding litigation support and fraud investigations. As of December 31, 2009, there are seven (7) outstanding audits from the 2009 Audit Schedule. The audit report for Civic Facilities Concessions is out for responses and due the first of January 2010. The following six (6) audits are in process: Fleet Services Garages, Personnel Drug Testing, North River Civic Center Revenues, Professional Services Contracts, Payroll Clerks, and Chattanooga Zoo.

The Division has updated a draft revision to its policies and procedures manual during 2009 to address various changes to its operating environment. A finalized and fully updated manual is expected to be complete by the end of March 2010.

COMPARISON TO BENCHMARK:

Following is a comparison of key factors for the Division to the Association of Local Government Auditors (ALGA) bi-annual benchmarking survey for 2008 (Group two – 3 to 5 auditors):

<u>Factor</u>	<u>Benchmark</u>	<u>Chattanooga</u>	<u>Comparison</u>
Average spending per auditor	\$119,922	\$99,472	17% Positive
Average annual spending	\$503,733	\$497,359	1% Positive
Average # of performance audits	6.54	13	199% Positive
Average # of other projects (Includes post audit reviews)	16.16	40	247% Positive

OTHER

The Internal Audit Division had its first peer review in March 2009. The peer review report is posted on the Division's website. The Division received an unqualified opinion.