

# Office of Internal Audit

## Annual Report 2018

**City Auditor**  
Stan Sewell, CPA, CGFM, CFE





# OFFICE OF INTERNAL AUDIT

## Stan Sewell, City Auditor

January 14, 2019

To: Audit Committee Members

Re: 2018 Annual Report

Dear Audit Committee Members:

The attached report contains the results of calendar year 2018 Office of Internal Audit activities.

In addition to our audits, we completed a substantial number of other projects spanning a variety of areas. We completed our seventh annual community survey and our fourth annual CAFR financial review.

During 2018, Senior Auditor Pamela Swinney resigned to take a position as the Assistant City Auditor for Cape Coral, Florida. She was replaced by Senior Auditor Jeff Connor. Mr. Connor, an attorney, has over 25 years of experience handling complex legal, compliance and regulatory issues. He formerly served as Internal Operations Counsel for AFLAC, Chief Compliance Counsel and Vice President of Corporate Investigations at Chattanooga-based Unum Group, and as a prosecuting attorney in the Northern and Southern Districts of Georgia.

Sincerely,

Stan Sewell, CPA, CGFM, CFE  
City Auditor

Attachment

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## 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, 2018:

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

Senior Auditors                Lisa Culver, CFE  
   Jeff Conner, JD, CFE  
   Barry Teague, CPA, CFE  
   Richard Walls, CPA, CIA

Administrative Staff    Taffy Dishroon, CMFO

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## 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).

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## ACCOMPLISHMENTS

During calendar year 2018, OIA issued 6 audit reports and completed 6 post audit reviews (PAR's). All audit reports and PARs are available on the Internal Audit webpage. In addition, OIA completed 33 special projects and completed/closed 27 hotline cases.

As of December 31, 2018, there were two audits from the 2018 Audit Agenda in progress: Street Paving and Fuel Key inventory. The Street Paving audit was pending auditee response and the Fuel Key audit was in the preliminary survey stage. Audits remaining on the 2018 Audit Agenda were discussed with the Audit Committee during the November 2018 meeting and considered in our development of the 2019 Agenda. Three such audits were rolled over to the 2019 Agenda.

Per the Association of Local Government Auditors (ALGA) benchmarking survey for 2018, 80% of audit shops reported over half of their staff had at least one professional certification. 100% of OIA staff possess a professional certification, most possess multiple certifications.

The average budget for a local government audit shop with five auditors is \$927,000. OIA's FYE 2019 budget is \$704,356. Per the survey (for Group Two - 3 to 5 auditors), the average number of projects (Audit, PAR and Non-Audit) completed per year was 19<sup>1</sup>. OIA completed 72 total projects during 2018.

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## OTHER

For 2019, the Chattanooga Chapter of the Institute of Internal Auditors reappointed James Harris to his second full term as an audit committee member.

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. We encourage these inquiries as OIA is often able to reference previous project work and/or focus attention to a technical matter managers throughout the city may not have the time to research, as they deal with the pressures and stresses of meeting service goals.

From time to time, OIA provides digital data recovery services when hard drives fail to function. Performance of these services do not result in a memo, letter or report. These activities are not recorded as projects and no files are created.

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<sup>1</sup> The average number of audits was 9 vs OIA's 6 and the average number of Non-audits was 10 vs OIA's 66. Many shops complete PAR's as audits whereas OIA classifies these as Non-audits (OIA completed 6 PARs).