

# Office of Internal Audit

## Annual Report 2022

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





# OFFICE OF INTERNAL AUDIT

## Stan Sewell, City Auditor

January 25, 2023

To: Audit Committee Members

Re: 2022 Annual Report

Dear Audit Committee Members:

The attached report contains the results of calendar year 2022 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 eleventh annual Community Survey, our eighth annual CAFR Financial Review and our third annual Work Environment Survey. Relative to past years, we noted a substantial increase in non-audit work (Hotline reports and Special Projects) during 2022.

We developed a comprehensive Status of Recommendations database that contains all audit recommendations since 2017. This real-time document is replacing our annual Status of Recommendations report. The database supports an online dashboard allowing Administration to easily identify recommendations that have not been fully implemented.

As required every three years by Generally Accepted Government Auditing Standards, the Office of Internal Audit underwent a peer review during 2022. As noted in our report, the Office received a Pass opinion with no management letter comments.

The Office of Internal Audit had no turnover in staff during 2022.

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 (5) professional audit staff positions and one (1) part-time administrative staff position as of December 31, 2022:

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

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## 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.

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## ACCOMPLISHMENTS

During calendar year 2022, OIA issued six (6) audit reports and completed six (6) post audit reviews (PARs). All audit reports and PARs are available on the Internal Audit webpage. In addition, OIA completed 35 special projects and completed/closed 43 hotline cases.

As of December 31, 2022, there were four (4) audits from the 2022 Audit Agenda in progress: Fire Inspections Process, Building Inspections Process, Timeliness of Vendor Payments and CARTA Procurement Process. The only audit remaining on the 2022 Audit Agenda (Oracle Collections Process) was rolled over to the 2023 Agenda.

The Office received its three-year peer review during 2022. The result was a Pass opinion with no management letter. The review was led by J. Timothy Beirnes (Inspector General for South Florida Water Management District) with team member Ryan Gartin (Audit Manager for Chesterfield County Internal Audit).

According to the Association of Local Government Auditors (ALGA) benchmarking survey for 2018<sup>1</sup>, 80% of audit shops reported over half 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 2018. OIA's FYE 2023 budget is \$812,332. According to 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>2</sup> OIA completed 90 total projects during 2022.

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## OTHER

For 2022, the Chattanooga Chapter of the Tennessee Society of Certified Public Accountants appointed Sherri Anderson to the audit committee. Ms. Anderson is a Certified Public Accountant with nineteen years of experience auditing governmental and not-for-profit entities. She replaces Henry Hoss who served on the City Charter mandated Audit Committee since its creation in 2012. Mr. Hoss served on the City Council appointed Audit Committee prior to the creation of the Committee under the City Charter.

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.

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<sup>1</sup> ALGA typically conducts a benchmarking survey every two years. As of the date of this report and likely due to staffing strains related to the Pandemic, 2018 is the latest survey that has been conducted.

<sup>2</sup> The average number of audits was nine (9) vs. OIA's six (6) and the average number of non-audits was ten (10) vs OIA's 84. Many shops complete PAR's as audits whereas OIA classifies these as non-audits (OIA completed six (6) PARs).