

Office of Internal Audit

Annual Report 2025

City Auditor
Stan Sewell, CPA, CGFM, CFE





OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

January 27, 2026

To: Audit Committee Members
Re: 2025 Annual Report

Dear Audit Committee Members:

The attached report contains the results of calendar year 2025 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 fourteenth annual Community Survey, our eleventh annual CAFR Financial Review and our sixth annual Work Environment Survey.

The OIA had no turnover in staff during 2025.

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, 2025:

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 seven (7) audit reports and completed seven (7) post audit reviews (PARs). All audit reports and PARs are available on the Stay Informed section of the City's webpage (Audits and Reports). In addition, OIA completed 26 special projects and completed/closed 21 hotline cases.

As of December 31, 2025, there were three (3) audits from the 2025 Audit Agenda in progress: Take Home Vehicles, Fleet Parts and CPD Recruitment & Hiring Process. There were two audits remaining on the 2025 Audit Agenda: Rental Vehicles and Amazon Procurements. The perceived risk related to rental vehicles was reduced after gaining insight during the Take Home Vehicles audit. The perceived risk related to Amazon procurements was reduced after gaining insight during the Purchase Card audit.

According to the Association of Local Government Auditors (ALGA) benchmarking survey for 2024, Audit shops reported 72% of their staff had at least one professional certification. One hundred percent of OIA staff possess at least one (1) professional certification, some possess multiple certifications.

The average annual budget for a local government audit shop with five auditors was \$927,000 in 2018¹. OIA's FYE 2026 budget is \$911,170. According to the 2018 survey (for Group Two - 3 to 5 auditors), the average number projects (Audit, PAR and Non-Audit) completed per year averaged 19.² OIA completed 61 total projects during 2025.

OTHER

For 2025, the Chattanooga Chapter of the Tennessee Society of Certified Public Accountants appointed Sarah Ross to the Audit Committee for a term beginning January 1, 2026. Sarah is a Certified Public Accountant, holds a master's in accountancy, has seven (7) years of experience in public accounting and fourteen (14) years of experience as a controller.

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 and ALGA's 2024 survey only reported a broad range.

² Neither the 2024 survey nor the 2022 survey reported on the total number of projects. The average number of audits for 2018 was nine (9) vs. OIA's seven (7) during 2025. The average number of non-audits for 2018 was ten (10) vs OIA's fifty-four (54). Many shops complete PAR's as audits whereas OIA classifies these as non-audits. OIA completed seven (7) PARs during 2025.