

**Performance Audit 24-05:  
Telecommuting Program**

**December 2024**

**City Auditor**

Stan Sewell, CPA, CGFM, CFE

**Senior Auditor**

Richard Walls, CPA, CIA, CMFO





# OFFICE OF INTERNAL AUDIT

## Stan Sewell, City Auditor

December 23, 2024

To: Mayor Tim Kelly  
City Council Members

Subject: Telecommuting Program Audit (Report #24-05)

Dear Mayor Kelly and City Council Members:

The attached report contains the results of our audit of the Citywide Telecommuting Program. Overall, we found the Human Resources Department has established fundamental controls for certain aspects of the telecommuting program. However, opportunities exist for improvement. In order to address the noted areas for improvement, we recommended actions to update the telecommuting policy and improve overall telecommuting management.

We thank the management and staff of the Human Resources Department, Department of Technology Services, Department of Finance & Administration, and city employees for their cooperation and assistance during this audit.

Sincerely,

Stan Sewell, CPA, CGFM, CFE  
City Auditor

Attachment

cc: Audit Committee Members  
Jermaine Freeman, Chief of Staff  
Mande Green, Chief Operating Officer  
Daniel Harrigan, Chief Human Resources Officer  
Javaid Majid, City Finance Officer  
Jerele Neeld, Chief Info Technology Officer  
Jim Arnette, Tennessee Local Government Audit

## TABLE OF CONTENTS

AUDIT PURPOSE.....	2
BACKGROUND .....	2
Statistics.....	3
FINDINGS AND RECOMMENDATIONS.....	3
Review and Update Telecommuting Policy.....	3
Update the Internal Control Manual.....	5
Testing of Telecommuting Agreements.....	7
Expand Telecommuting Monitoring Technology.....	10
APPENDIX A: SCOPE, METHODOLOGY AND STANDARDS.....	11
APPENDIX B: PRIORITY LEVEL DEFINITIONS.....	12



According to the U.S. Office of Personnel Management, telework tends to fall into two categories: (1) routine telework occurs as part of a regular schedule, where they telework some days and work at their worksite on other days, and (2) situational telework, where they telework occasionally. Alternatively, there could be a remote work arrangement, where an employee is not expected to report to a worksite on a regular or recurring basis.<sup>2</sup>

### Statistics

We conducted a citywide employee survey in an August 2024 inquiring: “How often do you telecommute?” (Results represent Number of Respondents | % of Respondents)

#### Estimated % of City Employees Who Telecommute<sup>3</sup>

<u>Situational Telework</u>	
Never or less than 1 day per month	678   60%
Occasionally, At least 1 day per month, but less than 1 day per week	113   10%
<u>Routine Telework</u>	
1 Day Per Week	92   8%
2 Days Per Week	106   10%
3 Days Per Week	47   4%
4 Days Per Week	13   1%
5 Days Per Week	83   7%

Source: City Employee Survey

---

## FINDINGS AND RECOMMENDATIONS

### Review and update telecommuting policy.

Policies are living documents that should be updated periodically as needed. The core elements will remain the same, but the details will change as required based on evolving best practices and the organization.

---

<sup>2</sup> The U.S. Office of Personnel Management is an authoritative source for information on the federal government’s human resources policies, regulations, guidance and tools.

<sup>3</sup> According to the U.S. Bureau of Labor Statistics, during 2023, 35% of full-time workers worked at home on an average day. The results from the city employee survey indicate 10% of city employees occasionally telecommute, while 30% of city employees routinely telecommute.

The *City of Chattanooga Internal Control Manual* and the Tennessee Comptroller of the Treasury's *Internal Control and Compliance Manual* both indicate management should implement control activities through policies. Policies are an important part of effective management and provide reasonable assurance the City's objectives will be achieved.

After reviewing the current telecommuting policy, we noted the following issues that should be addressed, or need more clarification and detail:

- **Types of telecommuting arrangements:** Telecommuting policies should clarify the difference between routine and situationally telecommuting to ensure that employees understand the expectations for each type of arrangement. The current policy does not differentiate between routine and situational telecommuting.
- **Training:** It is important that telecommuting employees and their managers have the knowledge, skills and resources to succeed. The policy should include a section requiring telecommuting fundamental training for employees and managers. The current policy does not address telecommuting training.



Given the evolving nature of remote work environments, updating the policy is essential to ensuring our telecommuting guidelines remain relevant and effective. By updating the policy, the City can develop a

more supportive and efficient remote work environment. Regularly reviewing policies keeps the City up to date with regulations, technology, and best practices. Additionally, management review ensures that policies and procedures are consistent and effective.

### **Recommendation 1:**

We recommend the Human Resources Department review and update the Telecommuting Policy to clarify the types of telecommuters and to require training. The update can be done in conjunction with updates to the City's Employee Information Guide.

***Auditee Response:** We concur with the audit finding and recommendation.*

***Estimated Implementation Date:** December 31, 2025.*

***Priority Level:** 2*

### **Recommendation 2:**

We recommend the Human Resources Department develop a comprehensive training program for telecommuting. This program should aim to equip employees with the necessary skills and best practices to succeed in a remote work environment.

***Auditee Response:** We concur with the audit finding and recommendation.*

***Estimated Implementation Date:** December 31, 2025.*

***Priority Level:** 2*

## **Update the Internal Control Manual.**

The City of Chattanooga has the responsibility to its taxpayers and constituents to be good stewards of public monies and property. In their efforts to serve the public as city officials or employees, the City established the Internal Control Manual using widely recognized best practices, state and federal directives, and regulations.

During our preliminary work, we determined the most current version of the City's Internal Control Manual is dated April 15, 2019. This predates the pandemic (March 2020) that accelerated the proliferation of telecommuting.

The shift to telecommuting has caused internal control challenges. Internal Controls designed to operate effectively in an office

environment may not be ideal for telecommuting. It is essential to reassess how telecommuting affects internal controls, risk management, and overall operational effectiveness. It is important that management institute new, or adapt existing, internal controls for telecommuting.



Some sections of the City's Internal Control Manual affected by telecommuting are as follows:

- **3.1.4 Commitment to recruit, develop, and retain competent individuals:** Benefits of offering telecommuting opportunities include improving recruitment and retention of employees. Telecommuting can also be utilized as a workforce tool to attract, recruit and retain the best possible workforce.
- **3.2.4 Significant changes that could impact the internal control system:** The pandemic abruptly changed how and where people work. The remote work environment presents challenges such as the lack of direct supervision, possible data security issues, and problems with segregation of duties.
- **3.4.2 Internal communication:** When employees work remotely, communications can be difficult. Frequent contact with telecommuters is important. Virtual meetings, regular check-ins and continuing performance reviews can help.
- **3.5.1 Monitoring activities:** Managers and supervisors might find it difficult to monitor employee work in a remote location. Several available software programs can gather and analyze employee's activity. One example is



geolocation tracking, which requires location services be enabled.

A remote working environment introduces new risks that may not be adequately covered by existing controls. By addressing the increased vulnerability to fraud, errors and security, the City can better support employees in a telecommuting setting while safeguarding their operations and assets.

### **Recommendation 3:**

We recommend the Department of Finance & Administration revise the Internal Control Manual to address the effects of telecommuting. The revision can be done in conjunction with updates to the Telecommuting Policy in the City's Employee Information Guide. Consideration should also be given to adding the Internal Control Manual as an addendum to the Employee Information Guide.

***Auditee Response (Finance):** We concur with the audit finding and recommendation.*

***Estimated Implementation Date:** June 30, 2025.*

***Priority Level:** 2*

### **Testing of Telecommuting Agreements.**

The City requires telecommuting agreements for employees who work from approved off site locations. After completion, the original agreement is to be submitted to the Department of Human Resources for the employee's personnel file. Verifying the existence of these telecommuting agreements revealed opportunities for improvement. Facts observed and test results were as follows:

Of the 51 telecommuters selected for testing:

- Fourteen (28%) agreements were found in the employee's personnel file maintained by the Department of Human Resources.
- Twenty-one (41%) agreements were found in files of the employee's department.
- Sixteen (31%) employees who telecommute did not have a written agreement.

Other observations were as follows:

- One (2%) employee selected for testing had a disciplinary action documented in their personnel file within the prior twelve (12) months. Although the employee had an approved telecommuting agreement, to be eligible for telecommuting, there can be “no relevant disciplinary actions within the prior twelve (12) months.”
- The telecommuting policy requires managers to notify Technology Services of employees working remotely to ensure proper set up. This is not currently being done.
- Thirteen (37%) of the agreements reviewed were not current (Agreements may be approved for a maximum of six (6) months).
- Twenty-two (63%) of the agreements reviewed did not have a sufficient remote work plan.
- Twenty (39%) employees indicated they did not have adequate telecommuting training.
- Two (6%) employees with agreements also have a “Compressed Work Week Agreement” that was not taken into account in conjunction with their telecommuting agreement. For example, the compressed work week has a specific scheduled day off that conflicts with a scheduled telecommuting day.



It is essential the City remain compliant with the established telecommuting policy to maintain productivity and uphold the standards of the City. By following the policy, the City can ensure our telecommuting practices align with other City policies and contribute to overall success.

Automating the process for the submission and approval of telecommuting agreements could significantly reduce the time and effort required by managers, employees and human resources personnel. Employees could receive a notice from the system when an agreement expires.

**Recommendation 4:**

We recommend the Human Resources Department automate the process for the submission and approval of employee telecommuting agreements. This would ensure all agreements are received by human resources and are in the employee's personnel file.

***Auditee Response:** We concur with the audit finding and recommendation.*

***Estimated Implementation Date:** December 31, 2025.*

***Priority Level:** 3.*

**Recommendation 5:**

We recommend the Human Resources Department review the agreements for completeness and be added as an approver on all telecommuting agreements. This should improve compliance with the telecommuting policy.

***Auditee Response:** We concur with the audit finding and recommendation.*

***Estimated Implementation Date:** March 31, 2025.*

***Priority Level:** 3*

**Recommendation 6:**

We recommend the telecommuter and approver be disciplined and required to take training for noncompliance with telecommuting requirements.

***Auditee Response:** We concur with the audit finding and recommendation.*

***Estimated Implementation Date:** January 31, 2025.*

***Priority Level:** 2*

**Expand  
Telecommuting  
Monitoring  
Technology**

The City's Department of Technology Services (DTS) currently only monitors websites visited and login geolocations. Based on a recent geolocation report, approximately 50% of City employee logins do not have geolocation services turned on.

Remote work monitoring technology serves as a valuable tool for enhancing productivity and security when an employee works from a remote location. The increased number of telecommuters has caused a need for monitoring technology to manage the productivity and security of remote workers. Implementing remote work monitoring technology can lead to improvement in these areas.

**Recommendation 7:**

We recommend DTS expand its information systems and security program to ensure time and attendance logins happen at a valid work location.

***Auditee Response (DTS):** We concur with the audit finding and recommendation. DTS plans to evaluate solutions that will achieve the audit outcome.*

***Estimated Implementation Date:** September 30, 2025.*

***Priority Level:** 2*

**Recommendation 8:**

We recommend all City employees be required by formal policy to enable and approve requests for geolocation services when accessing City systems.

***Auditee Response:** We concur with the audit finding and recommendation.*

***Estimated Implementation Date:** March 31, 2025.*

***Priority Level:** 2*

## APPENDIX A: SCOPE, METHODOLOGY AND STANDARDS

Based on the work performed during the preliminary survey and the assessment of risk, the audit covers the Telecommuting Program operations from January 2024 to June 2024. When appropriate, the scope was expanded to meet the audit objectives. Original records as well as copies were used as evidence and verified through physical examination.

To accomplish our audit objectives, we conducted a survey to identify telecommuters, reviewed available policies, interviewed staff, documented and evaluated the process, and sampled telecommuting agreements for compliance with established procedures.

The sample size and selection were statistically generated using a desired confidence level of 90 percent, expected error rate of 5 percent, and a desired precision of 5 percent. Statistical sampling was structured in order to infer the conclusions of test work performed on a sample to the population from which it was drawn and to obtain estimates of sampling error involved. When appropriate, judgmental sampling was used to improve the overall efficiency of the audit.

We conducted this performance audit from July 2024 to November 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



---

## APPENDIX B: PRIORITY LEVEL DEFINITIONS

**Priority 1:** Critical control weakness exists that exposes the City to a high degree of risk. Noncompliance with federal, state or local law, regulation, statute, charter or ordinance will always be considered a priority 1.

**Priority 2:** Control weakness exists that exposes the City to a moderate degree of risk.

**Priority 3:** The opportunity for improved efficiency or reduced exposure to risk exists.

### **City of Chattanooga Fraud, Waste, and Abuse Hotline**

Internal Audit's Fraud, Waste, and Abuse Hotline gives employees and citizens an avenue to report misconduct, waste or misuse of resources in any City facility or department.

Internal Audit contracts with a hotline vendor, NAVEX GLOBAL, to provide and maintain the reporting system. The third party system allows for anonymous reports. All reports are taken seriously and responded to in a timely manner. Reports to the hotline serve the public interest and assist the Office of Internal Audit in meeting high standards of public accountability.

To make a report, call 1-877-338-4452 or visit our website:

[www.chattanooga.gov/internal-audit](http://www.chattanooga.gov/internal-audit)