

**City of Chattanooga  
Internal Audit Division  
Annual Report 2011**

**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, 2011:

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

Senior Auditor  
Lisa Culver, CFE

Internal Auditors  
Pamela Swinney, CPA  
Barry Teague, CPA  
Meghan Petty, CIA

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 is exempt from the State requirement to follow The Institute of Internal Auditors (IIA) standards of practice. However, the policies and procedures followed by the Division substantially comply with the IIA standards.

**ACCOMPLISHMENTS**

The Division issued 14 audit reports and completed 12 post audit reviews during the calendar year 2011. All audit reports are available on the Internal Audit Division's website. In addition, the Division performed 35 special projects and handled 24 hotline cases. As of December 31, 2011, there are four audits from the 2011 Audit Schedule still in progress: Friends of the Festival Contract, Home Repair Assistance Programs, Benefits Withholdings and Payments, and Special Investigation Funds. Two audits were canceled during 2011 with explanation letters provided to the Mayor, City Council and Audit Committee. Four audits on the 2011 Audit Schedule were rolled over for consideration on the 2012 Audit Schedule.

The Division updated its policies and procedures manual in June 2011 to address various changes to its operating environment. Another revision is expected to be completed during March 2012 to address a recent update to Yellow Book standards.

### **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 2010 (Group two – 3 to 5 auditors):

<u>Factor</u>	<u>Benchmark</u>	<u>Chattanooga</u>	<u>Comparison</u>
Average spending per auditor	\$122,568	\$101,289	17% Positive
Average annual spending	\$468,579	\$472,677	< 1% Neutral
Average # of performance audits	7.80	14	179% Positive
Average # of other projects (Includes post audit reviews, investigations and any other)	35.10	71	202% 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. The Division's next peer review will cover the calendar years 2009 through 2011 and is scheduled for March 2012.

The ALGA bi-annual benchmarking survey showed almost fifty percent (50%) of all respondents (small, medium and large operations) are now using computer assisted analysis techniques. The Internal Audit Division acquired, and put into use, data mining/analysis software (IDEA) during 2011.