

**Post-Audit Review 24-07:
Human Resources Department
Separated Employees**

May 2026

City Auditor

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OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

May 8 , 2026

To: Mayor Tim Kelly
City Council Members

Subject: Post-Audit Review of Human Resources Department Separated Employees (Report #24-07)

Dear Mayor Kelly and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2025 Human Resources Department Separated Employees report. The purpose of this report is to confirm whether, and to what degree, management has implemented the recommendations made in the original audit.

The original audit concluded:

1. Control weakness in the employee separation and unemployment claims processes led to financial losses for the City;
2. Written policies are needed for both processes to ensure separation documentation is retained to defend unemployment claims, and;
3. Improvements to key City systems are needed to provide separation notifications that include all applicable departments facilitating prompt removal of separated employee access and equipment retrieval.

The audit had 17 recommendations to improve efficiency and effectiveness of the termination and unemployment claims processes as well as address internal control deficiencies observed in these processes. At the time of this Post-Audit Review, eight recommendations were not implemented, seven were partially implemented, and two were implemented. Recommendations partially implemented and not implemented are herein reported to the Audit Committee for follow-up, as appropriate.

This Post-Audit Review consisted principally of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you, and our conclusions may have been modified.

Sincerely,



Stan Sewell, CPA, CGFM, CFE
City Auditor

Attachment

cc: Audit Committee Members
 Kevin Roig, Chief of Staff
 Mande Green, Chief Operating Officer
 Burnessa Rollins, Deputy Chief Human Resources Officer
 Weston Porter, City Finance Officer
 Jerele Neeld, Chief Information Technology Officer
 Jim Arnette, Tennessee Local Government Audit jim.arnette@cot.tn.gov

RECOMMENDATIONS NOT IMPLEMENTED (8)

Recommendation	Actions Taken
1 We recommended HR develop and implement a written policy requiring department managers and payclerks, as well as HR staff to enter and approve termination entries on or prior to the employee's termination date.	HR is in the process of developing a written policy on the entire termination process.
2 We recommended HR update the Offboarding Journey workflow in Oracle to include Fleet, Purchasing, Early Learning and CPD.	The Offboarding Journey workflow has not been updated with the suggested additional departments being notified about employee separations.
3 We recommended HR develop and implement a written policy that defines the specific supporting documentation required for each type of employee separation (e.g., voluntary, involuntary).	HR is in the process of developing a written policy on the entire termination process.
4 We recommended HR establish a procedure to ensure all required termination documentation is consistently uploaded and stored in the employee's official digital personnel file in compliance with the City's Record Retention Schedule requirements.	OIA reviewed twelve employees who separated from the City after March 26, 2026. We found that 67% (8 of 12) of the employee's HR digital files did not contain documentation to support the separation.
5 We recommended HR provide managers training on the termination process. The training should be accessible and documented in the Oracle Learning system and required for all managers.	HR plans to coordinate training once the written policy and procedures are developed.
6 We recommended HR ensure the State law is followed and Separation Notices are provided to separated employees within 24 hours.	OIA reviewed twelve employees who separated from the City after March 26, 2026. We did not locate separation notices in HR's digital files for 17% (2 out of 12) of the files reviewed. We also noted that 25% of the notices were not issued within 24 hours of termination notification as required by State law.
14 We recommended HR develop and implement written policies and procedures for the unemployment claims process.	HR is in the process of developing a written policy on the unemployment claims process.

Recommendation	Actions Taken
17 We recommended HR develop and implement a procedure to ensure the State is promptly notified when employees who receive backpay for time off also collected unemployment benefits.	HR is in the process of developing a written policy on the unemployment claims process.

RECOMMENDATION PARTIALLY IMPLEMENTED (7)

Recommendation	Actions Taken
8 We recommended Finance provide additional training to payclerks emphasizing the importance of reviewing the separated employee's final pay.	Finance has issued a written procedure requiring payclerks to review employees' final pay and has provided targeted one-on-one training for staff. Finance is centralizing the city's payroll function and conducting an assignment status verification review of employees who transition in and out of a status. This review should reduce future pay discrepancies and ensure payroll integrity. They plan to add additional checkpoints to confirm the pay results for employees experiencing assignment changes. During our review of separated employees, we found an employee received pay on her final check even though she had been placed on administrative leave without pay.
9 We recommended DTS investigate and identify the root causes of the malfunctions in the automated systems for disabling user accounts and generating ITOPS tickets.	DTS staff are receiving an email notification when an employee is disabled in Oracle. They are using this information to verify if the employee's google account has been deactivated. They are still working through other areas of concern that may prevent the google login from not being disabled automatically as well as, the ITOPS tickets from not consistently generating automatically. We reviewed the last twelve separated employees as of March 26, 2026, and found except for two CPD employees, all other employees google logins were disabled within one day.
10 We recommended DTS perform monitoring of their automated systems as required by their policy.	DTS is checking the google logins as they receive an email notification on a disabled Oracle account. On a quarterly basis, DTS plans to review the disabled employees in Oracle to ensure the associated google account has been deactivated. They expect to begin this process in a few weeks.

Recommendation	Actions Taken
11 We recommended DTS complete an inventory of computer equipment and update the Oomnitza inventory records, as previously recommended in Audit 22-03 Cellular Device Management.	DTS has not completed a full inventory of computer equipment. However, they have been updating cellular device equipment inventory records as they move through each City department.
13 We recommended HR establish a formal training program for all personnel involved in unemployment claims, ensuring new employees receive thorough instruction. Additionally, HR should implement a cross-training strategy to ensure multiple employees are proficient in this critical function and have timely access to necessary systems.	Once HR develops formal written procedures on the unemployment process they plan to administer formal training. Currently, they have assigned a few employees access to the system and provided some training on processing the claims.
15 We recommended HR establish a process to review and assess all unemployment claims received for disqualification criteria.	HR staff are monitoring the unemployment claims system at least every other day for any action required. They are addressing each claim as it is submitted. They are working on an SOP to formalize this review process.
16 We recommended HR develop a procedure to review the Monthly Statement of Benefits Charges statement prior to forwarding it to Finance for payment. This review should involve verifying the employment status of each individual listed to ensure the City is only paying legitimate unemployment claims.	HR staff review the Monthly Statement of Benefits Charges each month. However, they are not forwarding the reviewed statement to Finance as an approval for payment.

RECOMMENDATIONS FULLY IMPLEMENTED (2)

Recommendation	Actions Taken
7 We recommended Finance, with the assistance of DTS, correct the programming issue causing exempt employees' final pay to be incorrect. We verified this recommendation has been implemented as of the issuance date of this report.	OIA reviewed twelve employees who separated from the City after March 26, 2026. We found one employee was not accurately paid on their final check. However, this error was not related to Oracle programming.
12 We recommended DTS begin documenting the deployment and return of computer equipment to support their inventory records, as previously recommended in Audit 22-03 Cellular Device Management.	DTS has developed and implemented a Device Drop-off/Exchange form. This form serves as a receipt to document the transfer of electronic equipment to and from DTS. The form is attached to the employee's ITOPS ticket and scanned into a DTS shared drive.

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