

Office of Internal Audit

Annual Report 2013

City Auditor
Stan Sewell, CPA, CGFM, CFE





OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

March 31, 2014

To: Audit Committee Members

Re: 2013 Annual Report

Dear Audit Committee Members:

The attached report contains the results of calendar year 2013 Office of Internal Audit activities.

We provided our first training session for newly elected officials in 2013, as mandated by the revised City Charter. As you are aware, we revamped our fraud reporting campaign by developing new posters that provide a clear message. We also developed an audit satisfaction survey that will be utilized this year. We completed our second community survey in 2013 and are already preparing for the 2014 community survey. We believe the information will become more valuable after this year, when we are able to note some trends.

Since the calendar year-end, we have filled the vacant Senior Auditor position with Richard Walls, an experienced CPA and CIA, who served as the Knox County Auditor for over twelve years. We have also filled the vacant part-time Administrative Support position with Sarah Stocker, an experienced Executive Assistant with a B. A. in Communication Studies. We are very pleased to have these individuals on our team.

Sincerely,

Stan Sewell, CPA, CGFM, CFE
City Auditor

Attachment

PERSONNEL

The City of Chattanooga's Office of Internal Audit (OIA) had five professional audit staff positions and one part-time administrative staff position as of December 31, 2013:

City Auditor Stanley L. Sewell, CPA, CGFM, CFE

Senior Auditors Lisa Culver, CFE
 Pamela Swinney, CPA
 Vacant

Internal Auditor Jennifer Benefield, CFE

Administrative Staff Vacant

STANDARDS OF PRACTICE

OIA 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).

ACCOMPLISHMENTS

During calendar year 2013, OIA issued 9 audit reports and completed 2 post audit reviews. All audit reports are available on the Internal Audit website. In addition, OIA performed 34 special projects and handled 23 hotline cases.

As of December 31, 2013, there was one audit from the 2013 Audit Schedule in progress: Collection Agency Contract Audit. Audits remaining on the 2013 Audit Schedule were considered in our risk assessment process for the 2014 Audit Schedule, with five being included.

Per the Association of Local Government Auditors (ALGA) bi-annual benchmarking survey for 2012 (Group two – 3 to 5 auditors), the average number of projects (Audit, Post Audit Review and Non-Audit) per year was 38. OIA completed 68 total projects (179% above average).

OTHER

The Office of Internal Audit relocated from the third floor of City Hall to 1001 Lindsay Street during 2013. Although some down time and inefficiencies were experienced during the process, the offices are now fully functional. Light fixtures are expected to be replaced in the first half of 2014.

During 2013, one of our auditors was appointed City Treasurer and another obtained a position with the Inspector General's Office of TVA. These were significant career moves for both members of our staff and a significant loss for our team. Our office reorganized by shifting resources from a contracted administrative support position to facilitate the promotion of two Internal Auditor positions to Senior Auditor positions. This reallocation allowed the retention of a new part-time administrative support staff.

OIA regularly provides technical information, upon request, to various 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 noted a substantial increase in requests during 2012. This increase continued during 2013.

From time to time, OIA provides digital data recovery services when hard drives fail to function. Performance of these services do not result in a memo, letter or report. These activities are not recorded as projects and no files are created.