

2016

Internal Auditing Division Annual Report



CITY OF BATON ROUGE
FINANCE DEPARTMENT

Table of Contents

Auditing Manager’s Report.....	1
Mission.....	2
Audit Selection and Risk Analysis.....	2
Internal Auditing Division Overview.....	3
2016 Audits and Special Projects.....	4
Cost Savings, Recoveries, and Potential Revenues.....	5
Corrective Action Taken on Audit Recommendations.....	6
Internal Auditing Division Staff.....	6

Auditing Manager's Report

February 24, 2017

The following report is a summary of our highlights and audit accomplishments throughout 2016. The Internal Auditing Division had a productive year that included the completion of six projects from the annual Audit Plan and twelve additional special projects. At year-end, we had eleven projects in progress. For a listing of our audits and projects, see page five. In 2016, our audit work resulted in dollar recoveries, cost savings, or potential revenues of approximately \$171,900.

In 2016, the Division experienced several staffing changes. In January, the Auditing Manager of ten years retired and I transitioned from Assistant Auditing Manager to Auditing Manager. Other changes included the resignation of one Senior Auditor, the hire of one Auditor and one Chief Auditor, and the promotion of one staff member from Auditor to Senior Auditor. However, throughout 2016, our dedication to our mission remained constant.

Our accomplishments were not possible without the hard work, devotion, and enthusiasm of our small group of auditors. I also want to thank Finance-Administration and the Audit Committee for their valued contributions. With this leadership and staff, we look forward to another excellent year.

Sincerely,



Barbara Baughman
Auditing Manager

Mission

The Internal Auditing Division performs independent appraisals to evaluate City-Parish programs, activities, and functions. Its purpose is to establish stronger internal controls, improve the efficiency of City-Parish operations, and promote governmental accountability.

Audit Selection and Risk Analysis

The Internal Auditing Division has a risk analysis model from which its annual Audit Plan is developed. The risk analysis model includes the components below:

Evaluation of the City-Parish budget unit based on the following criteria:

- ◆ The financial exposure of the unit;
- ◆ The number of employees;
- ◆ The time elapsed since the last audit; and
- ◆ The extent to which the area is a source or use of cash.

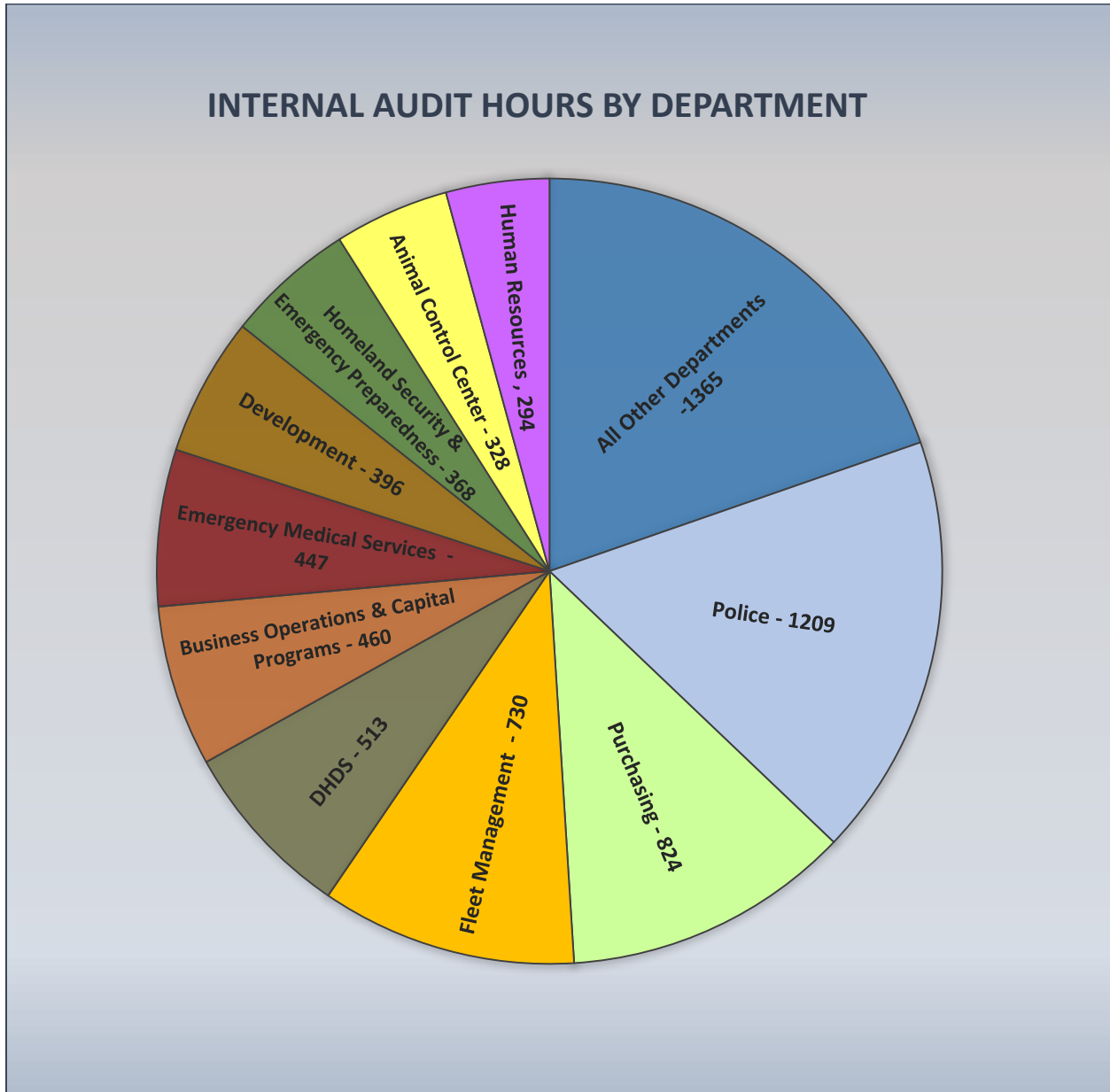
Evaluation of auditable units on the following:

- The overall risk exposure of the area;
- The overall quality of internal controls;
- Major changes in operations, programs, systems and controls;
- The risk associated with non-compliance with local, state or federal laws or regulations;
- The risk that unauthorized activities or programs are being conducted and funds spent; and
- The susceptibility of assets employed for personal use.

The annual Audit Plan is reviewed and approved by the Audit Committee each year.

Internal Auditing Division Overview

The Internal Audit Division logged a total of 6,934 direct audit hours or 75% of staff time working on audits and special projects in 2016.



2016 Audits and Special Projects

Audits Completed

Audit reports are available on the Finance Department web site.

- DPW Contracts Management Audit Follow-up (March)
- Online Permit System Audit Follow-up (May)
- Payroll Data Analysis Audit Follow-up (July)
- Fleet Fuel Card Audit (October)

Special Projects Completed

Projects completed in 2016 that were not scheduled on the annual Audit Plan.

- Head Start Complaint (January)
- Wireless Communications and Bring Your Own Device (January)
- Fleet Management 2015 Year-end Inventory Valuation (February)
- City Court Computer Misappropriation Review (March)
- City Court Appearance Bond Misappropriation Review (April)
- Police Narcotics Cash Count (May)
- Finance-Administration Cash Receipts Process Review (May)
- Weed Liens - Process and Duplicate Payment Review (June)
- North Landfill Cash Count (August)
- Storm Debris Invoice Review (September)
- Fleet Management 3rd Quarter 2016 Inventory Valuation (September)
- EMS Prison Medical Fixed Assets Inventory (December)
- Hurricane Grants Quarterly Reports and Close-out Reviews

Administrative Reports

Administrative reports issued in 2016.

- Annual Report 2015 (February)

Projects in Progress at Year-End

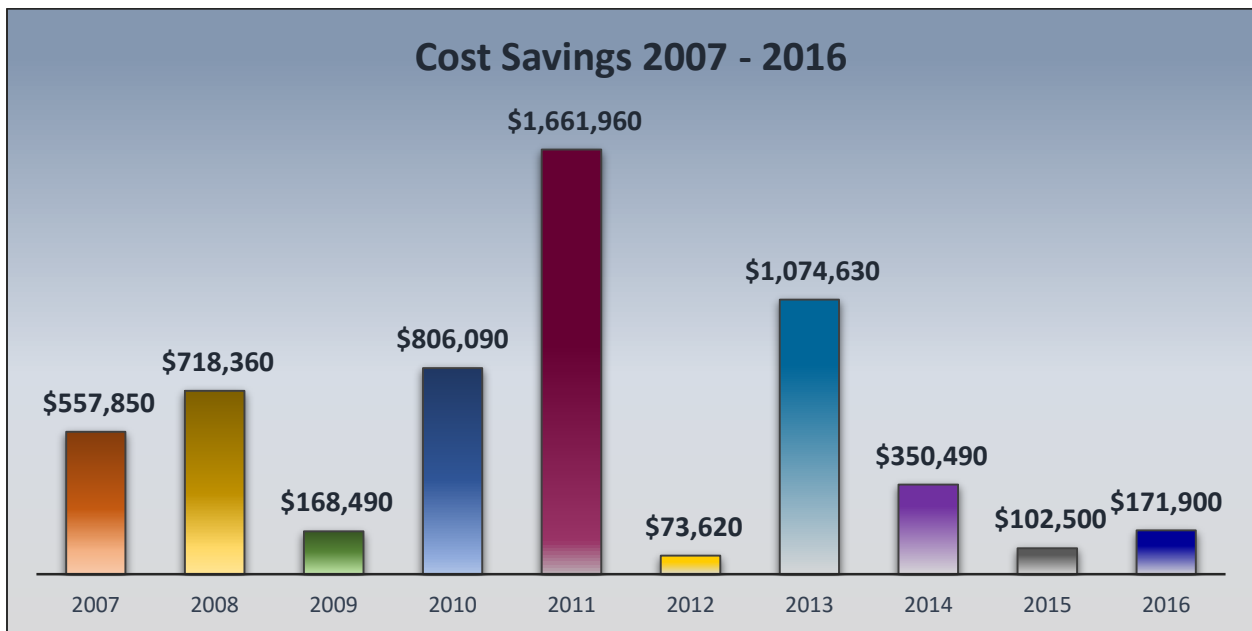
The following audits, special projects, and follow-up reviews were in progress at year-end.

- Blight Grass Cutting Complaint
- Department of Environmental Services Complaint
- Police Evidence Division Audit
- Surplus Process Audit

Projects in Progress at Year-End (cont.)

- Unemployment Claims Audit Follow-up
- EMS Supplies Inventory Audit
- Fleet Management Internal Controls Review
- Fleet Management 2016 Year-end Inventory Valuation
- August 2016 Flood Project Worksheet Development
- Animal Control – Companion Animal Alliance Process Review
- ERP System Internal Controls and Process Review

Cost Savings, Recoveries, and Potential Revenues



Many audits result in increased efficiencies and improved controls which are not easily quantified. As a result, this measure can vary significantly as illustrated above. Over the past ten years, the Internal Auditing Division has identified cost savings, recoveries, or potential revenues of \$5,685,890.

Corrective Action Taken on Audit Recommendations

In order to improve the value and effectiveness of Internal Audit services, we track management's implementation of audit recommendations for corrective action. Follow-up reviews performed in 2016 confirmed that 80% of audit recommendations were resolved or their resolutions were in progress at the time of the review.

Audit/Follow-up	Total Recommendations	Resolved	Resolution In Progress	Not Resolved
DPW Contract Management Audit Follow-up	16	10	5	1
Online Permit System Audit Follow-up	13	4	5	4
Payroll Data Analysis Audit Follow-up	6	3	1	2
Total	35	17	11	7
Percentage		49%	31%	20%

Internal Auditing Division Staff

For the year 2016, the Internal Auditing Division had a personnel allotment of seven employees. We completed the year, as listed below, with four full-time employees, one part-time employee, and two student interns:

- Barbara Baughman, CIA, CGAP (Auditing Manager)
- Carol Marcantel, CPA (Chief Auditor)
- Andrea George, CIA, CGAP (Senior Auditor)
- Jonathan Drone, CIA (Senior Auditor)
- Susan Pappan, CPA-Retired (Auditor)
- Myles Gates (Student Intern)
- James Wiafedzi (Student Intern)

Professional Designations

CIA – Certified Internal Auditor

CGAP – Certified Government Auditing Professional

CPA – Certified Public Accountant