



Internal Auditing Division

Finance Department

City of Baton Rouge

Parish of East Baton Rouge

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# 2020 Annual Report

# Auditing Manager's Report

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February 19, 2021

The following report is a summary of our 2020 highlights. The Internal Auditing Division completed eleven internal audits, follow-up reviews and special projects. We had nine in progress or review at year-end. For a complete listing of our audits and projects, see page two. In 2020, our audit work resulted in cost savings, revenue recoveries, or potential revenues of approximately \$25,700.

As with every organization, the COVID-19 pandemic affected our operations. The greatest impacts since returning from the stay at home period has been in conducting contactless auditing and obtaining virtual continuing education for staff. However, our office has managed to maintain relatively normal levels of productivity.

Staffing sustainability continued to be a challenge in 2020. Internal Auditing ended the year with a 43% vacancy rate. Recruitment will be an immediate priority in 2021.

We are working with the Information Services Department in developing a new project management software system. This new system will replace the TRACS system which is over 20 years old and can no longer be updated or maintained.

We appreciate the Mayor, the Metropolitan Council, and the Audit Committee's ongoing support of the internal audit function. We look forward to continuing to work with them and department leaders on finding ways to strengthen public accountability, improve the efficiency and effectiveness of the City-Parish government, reduce costs or increase revenues, and provide information on compliance with applicable laws and policies.

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

Internal Auditing's Risk Analysis is used to establish audit priorities by identifying City-Parish departments, processes, and programs with the most significant risk. The Risk Analysis criteria is shown in the adjacent table.

Potential audit projects developed from the Risk Analysis are discussed with the Audit Committee and prioritized based on Internal Audit staff resources. Broad audit objectives are included in the Annual Audit Plan. Specific audit objectives are determined after the Internal Audit staff complete the Preliminary Survey for the specific audit.

Due to changing risks and priorities of the City-Parish, the Audit Plan may be modified to accommodate changes and special requests. However, the Audit Committee is notified of significant additions or deletions to the Audit Plan.

The 2020 Audit Committee was comprised of the following members:

- Darryl Gissel – Chief Administrative Officer
- Scott Wilson – President Pro-Tempore
- Linda Hunt – Finance Director
- Ashley Beck – Council Administrator/Treasurer

<b>Risk Analysis Criteria</b>
<b>The financial exposure of the unit</b> <ul style="list-style-type: none"><li>○ <b>Three year expenditure trend analysis</b></li><li>○ <b>Three year revenue trend analysis</b></li></ul>
<b>The number of employees</b>
<b>The time elapsed since the last audit</b>
<b>The extent to which the area is a source or use of cash</b>
<b>The amount of assets controlled by the unit</b>
<b>Additional Criteria Considered</b>
<b>The overall risk exposure of the area</b>
<b>The overall quality of internal controls</b>
<b>Major changes in operations, programs, systems, and controls</b>
<b>The risk associated with non-compliance with local, state, or federal laws or regulations</b>
<b>The risk that unauthorized activities or programs are being conducted and funds spent</b>

# 2020 Audits and Special Projects

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## **Audits**

### **Completed**

- LA Legislative Auditor – Statewide Agreed Upon Procedures – Collections (*June*)
- Open VMS Payroll Module Access Audit (*November*)
- Police Department Payroll Process Audit – Phase I (*July*) and Phase II (*December*)

### **In Progress/Review at Year-End**

- User Access Audit
- Surplus Property Process Audit

## **Audit Follow-up Reviews**

### **Completed**

- Police Evidence Audit Follow-up (*July*)
- Fire Code Enforcement Audit Follow-up (*January 2021*)

### **In Progress/Review at Year-End**

- Airport Landing Fee Audit Follow-up Review
- Fleet Fuel Card Audit Follow-up Review

## **Special and Investigative Projects<sup>1</sup>**

### **Completed**

- Inventory Valuations 2019 (Fleet Management and Warehouse) (*February*)
- Procurement Card Analysis (*June*)
- Police Escrow Account Review (*July*)
- Crime Coverage & Social Engineering Insurance Applications (*August*)
- Environmental Services Contract Review (*October*)
- Environmental Services – Pump Stations Overtime Review (*October*)

### **In Progress/Review at Year-End**

- Riverfront Plaza Contract Review
- Alsen-St. Irma Lee Fire Protection District Tax Filing Review
- Chaneyville Fire Protection District Tax Filing Review
- Animal Control Credit Card Transactions Review
- Constable Garnishment Account Review

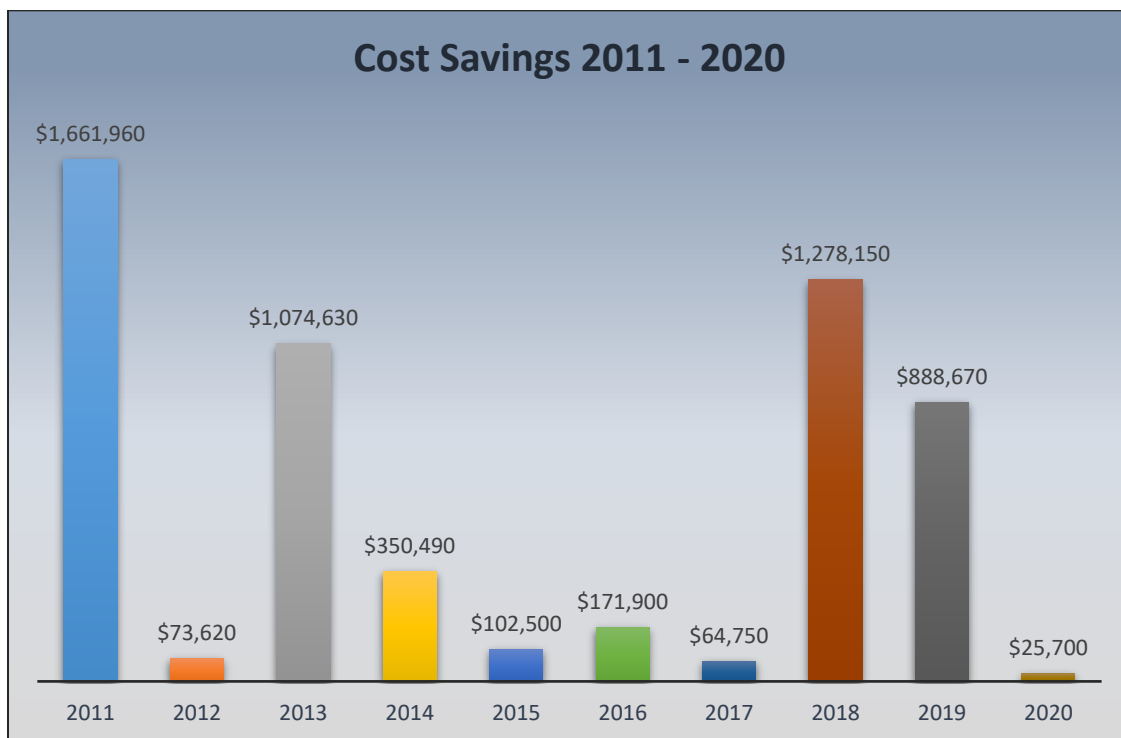
## **Administrative Reports**

- Internal Auditing Division Annual Report 2019 (*February*)

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<sup>1</sup> The Internal Auditing Division receives complaints of misappropriations via mail, phone, and the misappropriations reporting link on the Metronet. The link leads to a reporting form where City-Parish employees can report fraud or abuse. The report is emailed directly to the Internal Auditing Division.

# Costs Savings, Recoveries, and Potential Revenues

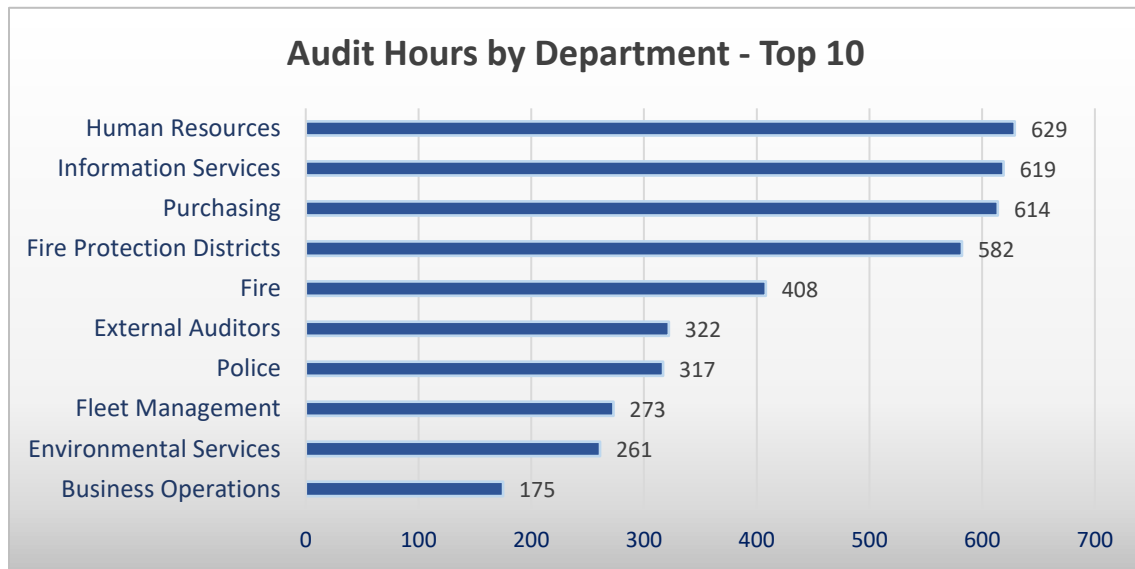


(The peaks in 2011 and 2013 are associated with FEMA reimbursements. In 2018, Internal Auditing identified cost savings associated with terminating a janitorial contract and CEA and revenue recoveries associated with a Mega Fund Rebate.)

We strive to identify cost savings and revenue recoveries through our audits and projects. However, many audits and projects result in increased efficiencies, improved controls, and risk reduction which are not easily quantified. Over the past ten years, the Internal Auditing Division has identified cost savings, recoveries, and potential revenues of \$5,692,370.

## 2020 Time Allocation

In 2020, seventy percent (70%) of hours worked by Internal Auditing staff were directly related to audits and special projects. The remaining thirty percent (30%) was attributable to administrative tasks, training, and leave. The reduction in direct audit hours was due to the resignation of two auditors and the Covid-19 Pandemic stay at home order. All hours during the stay at home period were coded to leave in accordance with City-Parish policy.



## Corrective Action Taken on Audit Recommendations

We perform follow-up reviews to evaluate the status of audit recommendations and to ensure they are implemented timely by management. Two follow-up reviews were completed in 2020.

Audit Follow-up	Total Recommendations	Resolved	Resolution In Progress	Not Resolved	Other
Police Evidence Audit	17	1	8	6	2
Fire Code Enforcement Audit	13	2	0	11	0
<b>Total</b>	<b>30</b>	<b>3</b>	<b>8</b>	<b>17</b>	<b>2</b>
<b>Percentage</b>	<b>100%</b>	<b>10%</b>	<b>27%</b>	<b>57%</b>	<b>6%</b>

## Internal Auditing Division Staff

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For the year 2020, the Internal Auditing Division had a personnel allotment of seven employees. Our staff at year-end was comprised of the following:

- Barbara Baughman, CIA, CGAP (Auditing Manager)
- Carol Marcantel, CPA (Chief Auditor)
- Andrea George, CIA, CGAP, CRMA (Chief Auditor)
- Debbie McClure (Senior Auditor)

### Professional Designations

*CIA – Certified Internal Auditor;*

*CGAP – Certified Government Auditing Professional;*

*CRMA – Certified Risk Management Assurance designation; and*

*CPA – Certified Public Accountant.*