

**REPORT TO THE CITY COUNCIL  
BY THE CITY INTERNAL AUDITOR**

**AUDIT OF THE  
NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS  
(NLCOG)**

**INTERNAL AUDIT REPORT 210105-11**

**December 07, 2005**



**SHREVEPORT**

**Shreveport**



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December 07, 2005

Councilman Calvin Lester  
Chairman, Shreveport City Council

Dear Councilman Lester:

Subject: IAR 210105-11 - Audit of the Northwest Louisiana Council of Governments (NLCOG)

Attached please find the report mentioned above. Management comments are included in the report.

Sincerely,

Leanis Graham, CPA, CIA  
City Internal Auditor

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**EXECUTIVE SUMMARY  
AUDIT OF THE  
NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS (NLCOG)  
INTERNAL AUDIT REPORT (IAR) 210105-11**

The purpose of the executive summary is to convey in capsule form the significant issues of the audit report. The executive summary is a vehicle for reviewing the report and should only be used in conjunction with the entire report.

**INTRODUCTION**

Northwest Louisiana Council of Governments (NLCOG) (formerly Shreve Area Council of Governments) was established October 25, 1966, under the authority of Louisiana R.S. 33:1321, et seq. under the pertinent section termed Intergovernmental Relations. The cities of Shreveport, Bossier City, and Minden, and the Parishes of Caddo, Bossier, and Webster enacted resolutions authorizing the establishment of NLCOG under the referenced statutes. The Northwest Louisiana Council of Governments, as a metropolitan planning organization, receives funding from various federal, state, and local grants.

**RECOMMENDATION EVALUATION RISK CRITERIA**

The chart below summarizes the recommendations outlined in the report and our evaluation of risk for the recommendations. We evaluated the importance of each audit recommendation by assigning each a level of risk. The risk levels, as defined in the chart below, were determined based on the possible results for the entity if the recommendation is not implemented.

<i><b>Risk Levels</b></i>	<i><b>Recommendations</b></i>
<b>High Risk</b> Possibility of fraud, waste, and abuse of City assets; Interrupted and/or disrupted operations; Entity's mission not being met; Adverse publicity.	None
<b>Medium Risk</b> Possibility of continuing, significant operating inefficiencies and high-level non-compliance issues.	<ul style="list-style-type: none"> <li>▪ Properly complete, support, and approve travel request/report. (Finding 1)</li> <li>▪ Improve organization of travel expenditure file. (Finding 1)</li> <li>▪ Develop and implement a policy requiring two signatures on checks. (Finding 2)</li> <li>▪ Set standard dates/times for meetings and adhere to schedule. (Finding 3)</li> </ul>
<b>Low Risk</b> Possibility of continuing operating inefficiencies and some low-level non-compliance issues.	None

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# **AUDIT OF THE NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS (NLCOG) INTERNAL AUDIT REPORT (IAR) 210105-11**

## **OBJECTIVES**

We have completed an audit of the Northwest Louisiana Council of Governments (NLCOG). The objective of the audit was to review and evaluate the accounting, operational, and administrative controls within NLCOG.

## **SCOPE AND METHODOLOGY**

Our audit, which covered fiscal year 2005 (July 1, 2004 to June 30, 2005) activities, was performed in accordance with applicable generally accepted governmental auditing standards as defined in Section A.20 of the Internal Audit Office Operating Instructions Manual. The scope of the study of internal controls was limited to the general controls surrounding our objectives. General audit procedures included, but were not limited to:

- Interviewing appropriate personnel.
- Observing operations and ongoing activities.
- Reviewing budgets, records, and any other applicable documents.

## **BACKGROUND**

Northwest Louisiana Council of Governments (NLCOG) (formerly Shreve Area Council of Governments) was established October 25, 1966, under the authority of Louisiana R.S. 33:1321, et seq. under the pertinent section termed Intergovernmental Relations. The cities of Shreveport, Bossier City, and Minden, and the Parishes of Caddo, Bossier, and Webster enacted resolutions authorizing the establishment of NLCOG under the referenced statutes. The Northwest Louisiana Council of Governments, as a metropolitan planning organization, receives funding from various federal, state, and local grants.

The Northwest Louisiana Council of Governments is an intergovernmental association of the following governments established to assist local governments in planning for the common needs, cooperating for the mutual benefit, and coordinating for sound regional development: Bossier City, Bossier Parish, Bossier E-911, Bossier Tax Assessor, Shreveport, Caddo Parish, Caddo Parish E-911, Caddo Tax Assessor, Caddo Schools, Greenwood, Stonewall, DeSoto Parish, Webster Parish, LaDOTD, Federal Highways, and Federal Transit.

The City of Shreveport paid \$120,000 to NLCOG during its fiscal year 2005 (July 1, 2004 – June 30, 2005) to meet the local match required by federal and state grants and for the fees associated with the Regional Geographic Information System (ReGIS).

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Listed below are a few of the many tasks/services performed or provided by NLCOG:

- Monitor and develop the Long Range Transportation Plan (updated every 5 years)
- Provide Traffic Analysis
- Maintain GIS Base Map
- Provide Aerial Photography
- Provide Census data to the general public and area governments/agencies
- Assist local governments/agencies with grant applications and reporting, mapping, demographic analysis, Air Quality Planning/Modeling, and Brownfield Assessments
- Provide information to the public and member agencies on those projects that receive congressional designation and/or earmarks and those projects noted as high priority in the Long Range Transportation Plan

**CONCLUSIONS/FINDINGS/RECOMMENDATIONS**

The Internal Audit Office would like to offer its appreciation for the courtesy, patience, and cooperation extended to us during the audit by the staff of the Northwest Louisiana Council of Governments.

Based on our review, we believe management could enhance the efficiency and control environment by addressing the following concerns:

- Ensure travel requests/reports are properly completed and approved.
- Improve the organization of travel expenditure file.
- Develop and implement a policy requiring two signatures on checks.
- Set standard dates/times for committee meetings and adhere to schedule.

**1. Documentation of Travel Expenditures**

**Criteria:** To ensure that a filing system is reliable, supporting documentation and related correspondence should be filed in a systematic and orderly manner. This would help to ensure that all expenditures are properly approved, supported, and filed in a timely manner.

**Condition:** During our review of 12 sampled travel expenditures, we noted the following exceptions:

- Six (50%) Travel Requests/Reports lacked an approval date.
- Two (16.6%) Travel Requests/Reports lacked a submittal date.

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- Three (25%) Travel Requests/Reports approval date was dated after the check date.
- Four (33%) Travel Requests/Reports lacked approval.
- One (8.33%) check was supported by two travel requests/reports with two different submittal dates for December 2004 car allowance. **(Note: The car allowance was not paid twice.)**
- One (8.33%) check had an unrelated invoice from Office Depot attached to the travel request/report. **(Note: The check did not cover the Office Depot invoice.)**
- Two (16.6%) separate checks were attached to the wrong travel requests/reports and supporting documentation.
- One (8.33%) travel request/report lacked receipt from hotel.
- We also noted the travel expenditure file was not well-organized. For example, there were duplicates of travel requests/reports and supporting documentation.

**Effect:**

- Potential for misuse of funds.
- Noncompliance with the Council's travel policy.
- Unsupported expenditures.
- Possibility of misplaced or lost documents.
- Cumbersome, overfilled, and disorganized files.

**Cause:**

- Management oversight.
- In the interest of saving time, documentation was placed in the file without organizing the documents and other documents were inadvertently placed in the file.

**Recommendation:** We recommend management:

- a. Ensure that all travel request/reports are properly completed and supported by appropriate documentation.
- b. Ensure all travel request/reports are properly approved before travel and before checks are issued.

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- c. Improve the organization of the travel expenditure file by removing duplicate documents, unrelated documents, and attach all supporting documentation to the respective travel request/report and check stub/copy of check.

**Management Plan of Action:** An office automation system is currently being implemented with Travel Request and Reports being a component of this system. The Chairman now signs request/reports for travel funds by the Executive Director and travel expenses receipts and reports are now scanned and archived in a digital format. In addition we have recently adopted a new Check Disbursement policy that requires two signatures on each check. A review of filing procedures has been accomplished.

**Timetable:** Check and travel policies have been implemented. A review of filing procedures has been accomplished. In addition periodic review of files and filing system will occur.

## **2. Dual Signatures**

**Criteria:** A key internal control element dictates that duties should be aligned so that no one individual controls too many critical aspects of a process or transaction.

**Condition:** The Northwest Louisiana Council of Governments does not require two signatures on any checks. The Executive Director is authorized to sign all checks including his own reimbursement checks. When the Executive Director is unavailable, either of the mayors of Bossier City or Shreveport (who are members of the Executive Committee) is authorized to sign checks.

**Effect:** Potential for misuse of funds.

**Cause:** The Northwest Louisiana Council of Governments does not require two signatures on checks.

**Recommendation:** We recommend the Northwest Louisiana Council of Governments develop and implement a policy requiring two signatures (at least one being a member of the Executive Committee) on all checks and revise policy manual accordingly.

**Management Plan of Action:** NLCOG has recently adopted a new Check Disbursement policy that requires two signatures on each check. This policy went into effect on November 1, 2006. The policy states that the Executive Director and the Chairman sign all checks. In the absences of the Chairman, any other Executive Committee member may sign.

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**Timetable:** This policy went into effect on November 1, 2006.

### **3. Regular Board Meetings**

**Criteria:** Per the Northwest Louisiana Council of Governments' website, the Transportation Policy Committee and the ReGIS Policy Committee meet once a quarter. It is important that those committees meet on a regular basis to provide policy, direction, and guidance for the Transportation and GIS programs and to assess and monitor achievement of goals and objectives.

**Condition:** We noted that during the 2005 fiscal year (July 1, 2004 – June 30, 2005):

- a. The Transportation Policy Committee met once.
- b. The ReGIS Policy Committee did not have any meetings.
- c. The ReGIS Technical Committee met twice. (Note: Per October 6, 2004, ReGIS *Technical Committee minutes*, a meeting schedule was set for the first Monday of October, January, April, and July.)

**Effect:**

- Decisions may not be made in a timely manner.
- Non-compliance with set times for meetings.

**Cause:** Inability to get a majority of the committee members to attend the quarterly meetings.

**Recommendation:** We recommend the committees:

- a. Set standard dates/times for meeting at least quarterly during the fiscal year,
- b. Adhere to the schedule as much as possible to keep the committee members informed of the status of projects and other business issues and make decisions in a timely manner.

**Management Plan of Action:** A set schedule of meetings for each committee will be developed and presented to each committee for adoption.

**Timetable:** It is management's wish to have this implemented beginning January of 2006.

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Prepared by:

Tamika Ford  
Staff Auditor

Approved by:

Leanis Graham, CPA, CIA  
City Internal Auditor

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c: Mayor  
CAO  
City Attorney  
Clerk of Council  
City Council  
External Auditor  
Executive Director of NLCOG