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**Leanis L. Steward**  
City Internal Auditor

# REPORT TO THE CITY COUNCIL BY THE CITY INTERNAL AUDITOR

FRAUD HOTLINE ACTIVITY  
REPORT FOR THE PERIOD  
JANUARY 1, 2016  
THROUGH  
DECEMBER 31, 2016

April 25, 2017

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Report Highlights	Page
• 15 new cases were opened during the year and 6 cases were carried forward from 2015	1
• 11 cases were closed and 2 cases were forwarded to the Louisiana Legislative Auditor	1
• 6 cases were carried forward to 2017 and 2 cases were merged into other audits/cases	1



The Council  
City of Shreveport

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April 25, 2017

Councilman James Flurry  
Chairman, Shreveport City Council

Dear Councilman Flurry:

Subject: Fraud Hotline Activity Report

This report is to provide the City Council with information on the activities of the *Fraud Hotline* for the period of January 1, 2016 through December 31, 2016.

Please review the report. Should you have questions or comments, feel free to contact me.

Sincerely,

Leanis L. Steward, CPA, CIA  
City Internal Auditor

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c: City Council  
Clerk of Council  
Mayor  
Chief Administrative Officer  
Carr, Riggs & Ingram

**FRAUD HOTLINE (FHL) ACTIVITY REPORT**  
**For Allegations Received During the Period**  
**January 1, 2016 through December 31, 2016**

During the reporting period, fifteen (15) allegations of possible fraud, waste, and abuse were recorded. Six (6) allegations were carried forward from prior years. The following report details the status of each of the allegations recorded.

- **Substantiated – resulting in formal audit reports:** Two (2) allegations were substantiated. Because of the nature and extent of the findings in these two cases, they resulted in formal audit reports.
  - **FHL Allegation 15-012 - *Limited Scope Performance Audit of City Take Home Vehicles*** (Issued December 19, 2016)
  - **FHL Allegation 15-012 - *Limited Scope Performance Audit of Employee Failure to Report Time Off*** (Issued May 31, 2016)
- **Substantiated (or referred for corrective action):** Three (3) allegations were substantiated and/or referred for corrective action (FHL Allegations 16-002, 16-010, and 16-012).
- **Forwarded to the Louisiana Legislative Auditor:** Two (2) allegations became investigations leading to facts and circumstances that required their referral to the Legislative Auditor (FHL Allegations 16-007 and 16-008).
- **Merged into a Planned Audit:** One (1) allegation led the investigation into several areas that are included in an audit already approved in the Annual Audit Plan (**Water and Sewerage – Field Operations**). This case was merged into that audit, which is presently ongoing (FHL allegation 16-005).
- **Non-substantiated:** The validity of six (6) allegations could not be substantiated (FHL allegations 14-003, 14-012, 15-013, 16-003, 16-004, and 16-006).
- **Other:** One (1) allegation was merged into a newer allegation that included new information and potential evidence directly related to the older allegation. The older case was closed as it was merged. (FHL Allegation 16-011 was merged into FHL Allegation 16-013).
- **Pending:** There were Six (6) pending allegations at December 31, 2016 (FHL Allegations 14-014, 16-001, 16-009, 16-013, 16-014, and 16-015). These cases were all under active investigation at December 31.

- **Source of Allegations:** Of the twenty-one (21) allegations pursued, five (5) were received over the *Fraud Hotline* telephone, twelve (12) were received thru the internet, three (3) from the Human Resource Department, and one (1) each were received from the City Attorney’s Office and a Councilman.
- **Allegations Not Pursued:** Eighteen (18) other allegations were received over the internet. Three (3) alleged criminal behavior/activity and we immediately forwarded them to the Shreveport Police Department. One (1) each were immediately forwarded to the Shreveport Fire Department and the City Attorney’s Office. The thirteen (13) others could not be pursued because of insufficient information.
  - Additionally, we received some fifty-one (51) other allegations or complaints over the City’s Fraud Hotline telephone. They were not within the purview of the Internal Audit Office, and they were referred to other agencies as follows:
 

➤ Federal Bureau of Investigation (FBI)	9
➤ Internal Revenue Service (IRS)	14
➤ Shreveport Police Department	2
➤ Shreveport/Caddo Financial Crimes Task Force	13
➤ Other City Departments	3 (a total of 12 calls)
➤ Other agencies and services	1

None of these other sixty-nine (69) website or telephone complaints and allegations was assigned a case number.

During the year, personnel within the Internal Audit Office continued to pursue initiatives to publicize the ***Fraud Hotline***, especially among City personnel. We believe that many of the allegations received that are not pursued for lack of sufficient information may have come from City personnel who take advantage of the ability to report anonymously. As we have educated our fellow employees about the reporting process, including the kinds of information necessary to begin and successfully conclude an investigation, we are finding that the number of quality tips we receive has increased.

Many of the calls we receive over the ***Fraud Hotline*** telephone are from citizens who have been scammed, had their identity stolen, or other acts susceptible of investigative action or assistance, but outside the purview of this office. They find our ***Fraud Hotline*** phone number and call looking for answers and assistance. We believe that maintaining a current listing of the various agencies charged with investigating these allegations and assisting citizens in making contact with those agencies leaves citizens with positive attitudes about City government. We have received a few subsequent calls from some of these citizens thanking us for our assistance and information, and in one case received a thank you card in the mail.

We thank the Council for the support you provide, particularly the Audit and Finance Committee. We appreciate the opportunity to serve our citizens and continue striving to improve our work every day.

Prepared by:



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Staff Auditor II



S. Ben Hebert, CPA, CFE, CISA, CLEA, CMA, CGMA  
Staff Auditor III

Approved by:



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City Internal Auditor

aj:bh:kh

c: City Council  
Clerk of Council  
Mayor  
Chief Administrative Officer  
Carr, Riggs & Ingram