



FRAUD HOTLINE ACTIVITY REPORT FOR THE PERIOD JANUARY 1, 2023 THROUGH DECEMBER 31, 2023 February 14, 2024

Report Highlights

Page(s)

- 14 cases were opened, and 11 cases were closed during the year. 3
- 5 (closed) cases were referred to other City Departments. 3
- 4 (closed) cases were investigated by Internal Audit. 3
- 3 (open) cases were carried forward to 2024. 3
- 2 (closed) cases were assigned as a future audit needed. 3



The Council
City of Shreveport

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February 14, 2024

Councilman Alan Jackson
Chairman, Shreveport City Council

Dear Councilman Jackson:

Subject: Fraud Hotline Activity Report

This report provides the City Council with information on the activities of the *Fraud Hotline* for the period of January 1, 2023, through December 31, 2023.

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

Sincerely,

Leanis L. Steward

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 ACTIVITY REPORT

Introduction:

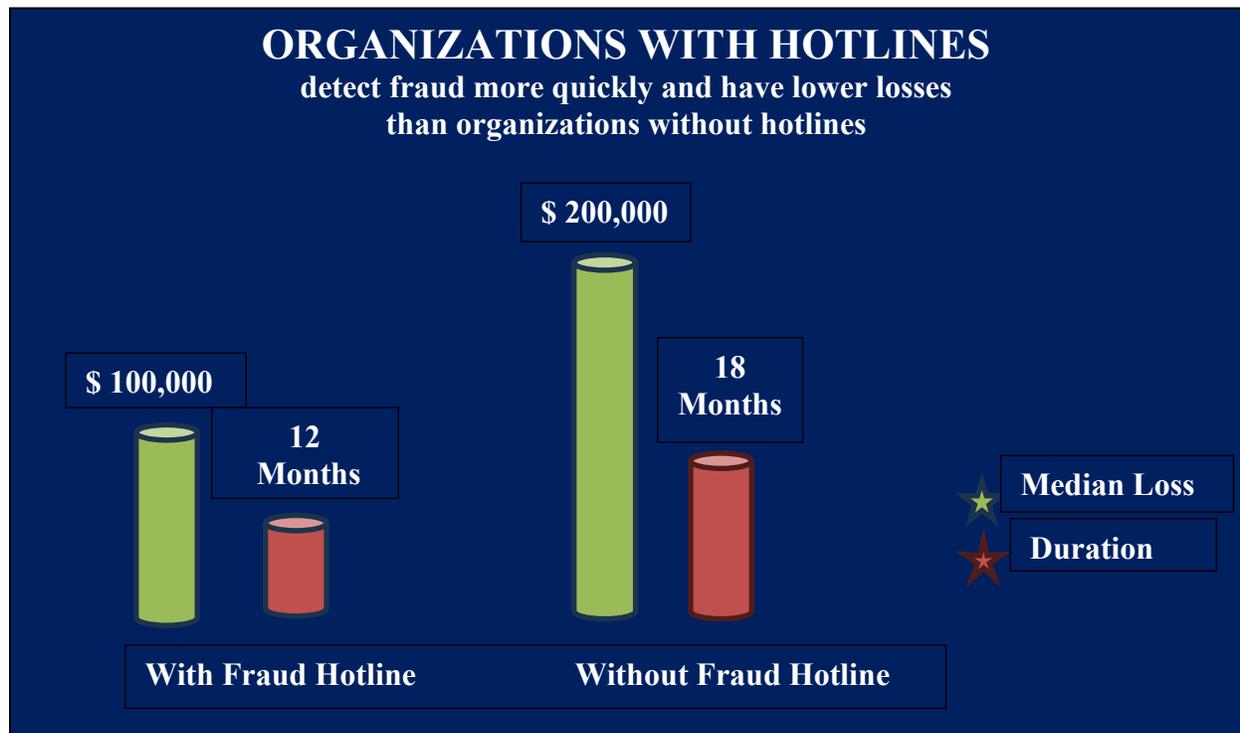
The scope of the City of Shreveport’s Fraud Hotline activity applies to acts of wrongdoing within the City of Shreveport government or outside of the city government if it involves City assets or services. The Fraud Hotline investigates fraud, waste, or abuse of city assets, and services. When the tips received on acts of wrongdoing within the City of Shreveport government are outside the scope of the Internal Auditor’s Office jurisdiction, the tips are referred to the appropriate entities.

Background:

Fraud is defined as the “intentional perversion of truth in order to induce another to part with something of value or to surrender a legal right” or as “an act of deceiving or misrepresenting.” According to the Association of Certified Fraud Examiners (ACFE), the typical Fraud case costs the organization \$8,300 per month and lasts 14 months before being detected. Twenty-one percent of Fraud cases cost the organization over \$1 million.

Fraud hotlines are a critical tool for fraud detection. In 2022, fraud tips in the United States and Canada were twice as effective in detecting fraud (32%) compared to internal audits, which had a detection rate of 18%, as reported by the ACFE. The Fraud Hotline is one of the services the Internal Audit Office uses to provide confidence in the integrity and financial reliability of City operations and instills confidence that the City is operated with efficiency and effectiveness. The phone line and the website allow individuals to submit complaints without making direct contact with our office. We work diligently to educate City employees about the reporting process and what information is important to help us thoroughly investigate.

Source: Occupational Fraud 2022: A Report to the Nations by Association of Certified Fraud Examiners

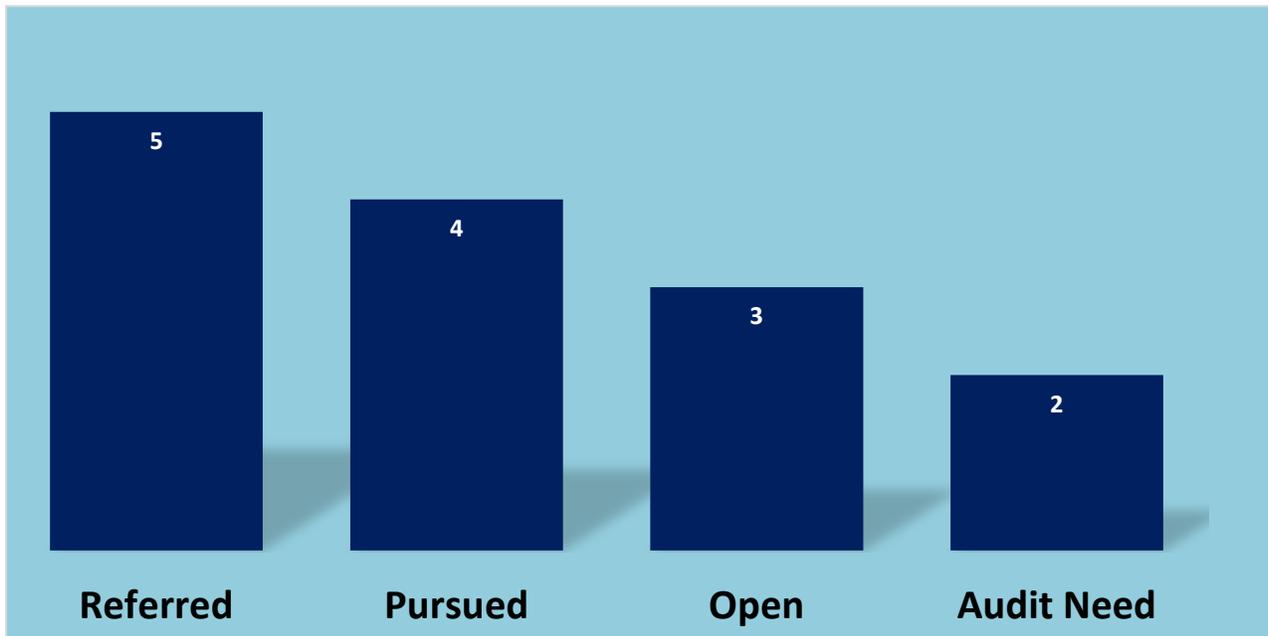


For Allegations Worked During the Period January 1, 2023, through December 31, 2023

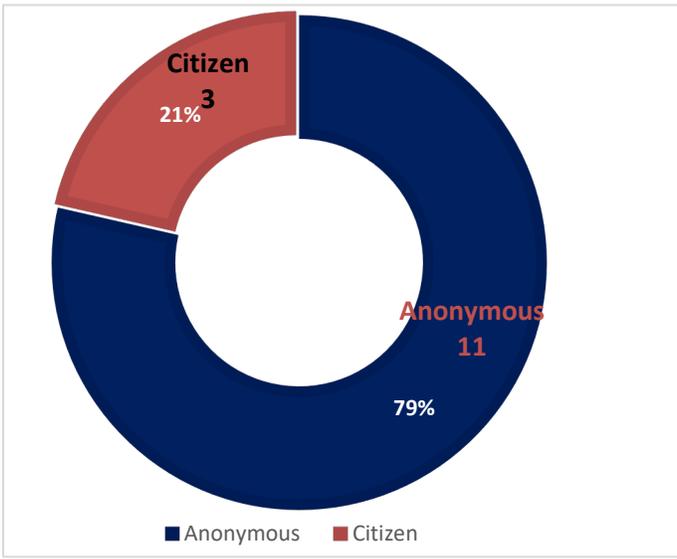
During the reporting period: 14 new allegations of possible fraud, waste, and abuse were recorded, out of which 11 cases were closed; 5 (closed) cases were referred to the department management, 4 (closed – not substantiated) were investigated by the Internal Audit Office, 2 (closed) cases were future audits to be scheduled in this area, and 3 (open) cases were carried to 2024. The following charts detail the 2023 allegations by the status of each of the allegations recorded, source, and submission format.

FHL Allegation Status by Case Number

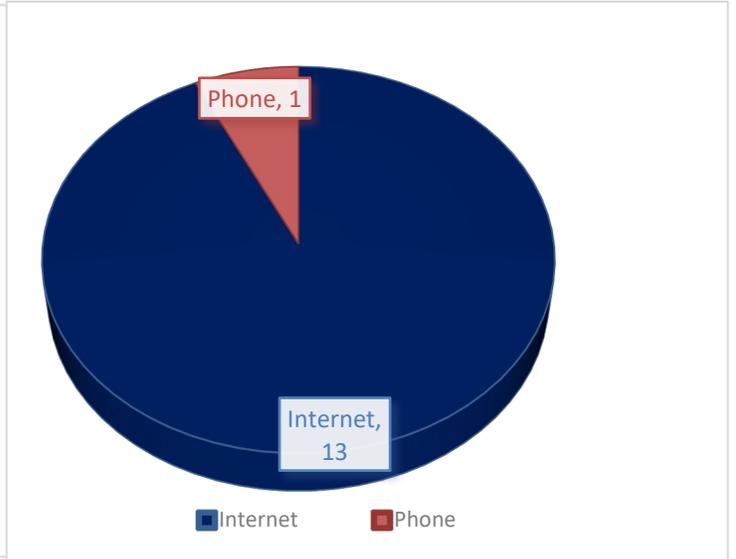
Referred to department management (Closed)		Cases carried to 2024 (Open)	
Case No.	Allegations Detail	Case No.	Allegations Detail
23-004	Padding overtime	23-003	Personal use of City vehicles
23-005	911 Dispatchers not responding	23-011	City tractor damaged
23-006	Falsifying timesheet	23-013	Theft of City equipment
23-008	Fraudulent doctor's note		
23-010	Financial need to check		
Pursued (Closed) Cases		Future audit needed (Closed)	
Case No.	Allegations Detail	Case No.	Allegations Detail
23-001	Male officer needed	23-002	Pension benefit
23-009	Water running continuously	23-007	Stealing tires
23-012	Stealing overtime		
23-014	Fraudulent overtime submission		



Allegation Source

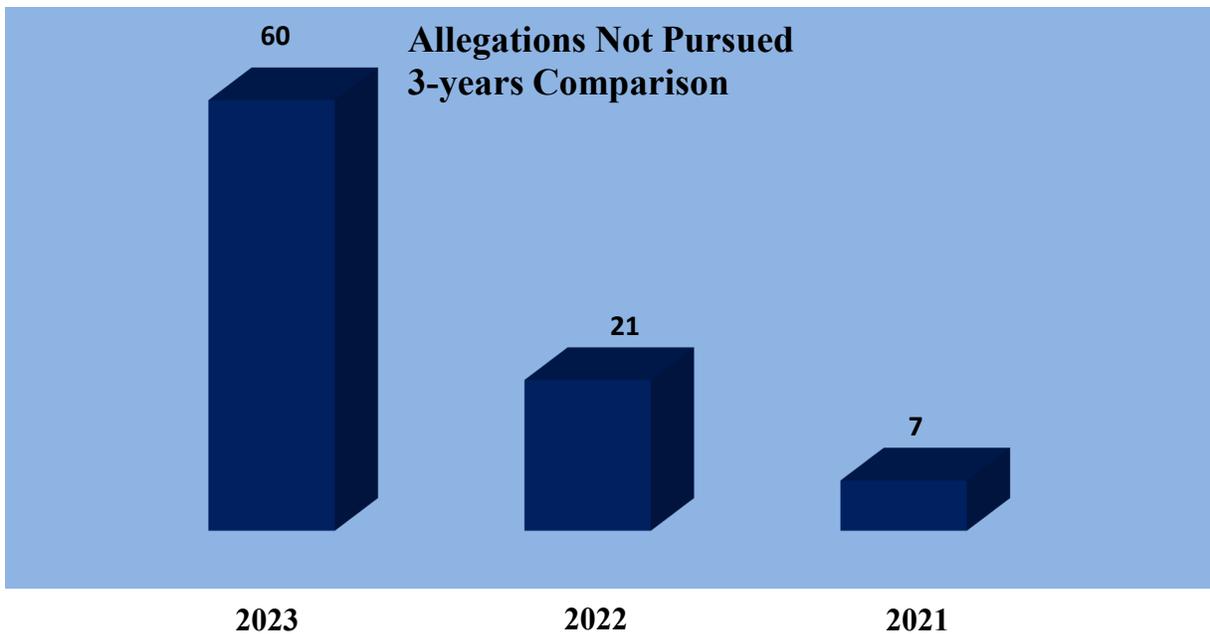


Submission Format



Allegations Not Pursued

We did not pursue a total of 60 allegations that were received in 2023, compared to 21 in 2022 and 7 in 2021. Sometimes we could not obtain enough information to pursue the allegation. City personnel matters were transferred to the proper Department Head. Any criminal allegations were forwarded to the appropriate law enforcement agency, or we assisted the citizen in contacting the agency. In some instances, the complainants had already been in contact with the appropriate agencies.



Internal Audit Hotline staff assesses each Hotline complaint to determine whether the reported issue includes sufficient information to be investigated or verified, as well as whether additional information is needed from the complainant (if the complainant provided valid contact information).

Each Hotline complaint is given a unique case number, which is entered into the Hotline database, and tracked until final case disposition is reached. An initial assessment by Hotline staff determines whether the complaint involves City assets and can be investigated by our office or another department. If a complaint is deemed viable and contains sufficient information for the investigation, it is referred to the appropriate parties for follow-up action or, in some cases, investigated by the Internal Audit Office. Complainants who request notification of an investigation's outcome are notified when a final resolution or disposition is reached. We worked diligently to keep track of complaints and review them in a timely manner.

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:

Promo Jaishi 2/14/2024

Promo Jaishi
Associate Auditor

Approved by:

Leanis L. Steward

Leanis L. Steward, CPA, CIA
City Internal Auditor

pj:ts

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