



Internal Audit Office
City of Shreveport

February 27, 2025
**AUDIT
REPORT**

Annual Report on Operations of the Internal Audit Office for Year 2024

REPORT HIGHLIGHTS:

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505 Travis St. Suite 450
Shreveport, LA 71101



Office: 318-673-7900
Fraud Hotline: 318-222-5698



The Council
City of Shreveport

Leanis L. Steward, CPA, CIA
City Internal Auditor
P.O. Box 31109
Shreveport, LA 71130-1109

E-Mail Address:
Leanis.Steward@shreveportla.gov
Phone: 318.673.7900
Fax: 318.673.7911

February 27, 2025

Councilwoman Tabatha Taylor
Chairman, Shreveport City Council

Dear Councilwoman Taylor:

Subject: Annual Report on Operations of the Internal Audit Office for Year 2024

This attached Annual Report highlights Internal Audit Office operating activities for year 2024 and goals and objectives for 2025.

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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INTERNAL AUDIT OFFICE
ANNUAL REPORT

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ANNUAL REPORT ON OPERATIONS OF THE INTERNAL AUDIT OFFICE FOR YEAR 2024

INTRODUCTION

The City Auditor position is established by the [City Charter](#) reporting directly to the City Council. Charged with assisting the City Council in its accountability responsibility, the City Auditor supervises appropriate staff in performing audits of City departments, divisions, agencies, boards, commissions, and activities. As outlined in the Code of Ordinances [Section 2-35](#), the Audit & Finance sub-committee of the City Council provides functional oversight of the Internal Audit Office (IAO).

The IAO issues reports on City activities and operations that assist City Administration and the City Council to:

- improve program performance and operations;
- ensure that resources are used efficiently and effectively;
- facilitate decision making by providing information, analysis, and recommendations to parties with responsibility to oversee corrective action;
- contribute to public transparency and accountability.

The IAO follows an annual audit plan to review critical areas of operations and areas that directly impact City residents. The Internal Audit Office applies *Government Auditing Standards* to the audits conducted which require that the office is independent, audits are accurate and objective, and the work is performed by competent staff.

This annual report, divided into three sections, illustrates how the IAO added value to the City through audits and other services for year 2024. It also provides information on the staff and their qualifications to serve the City.

Part I: [Audits/Projects](#) describes reports completed in 2024 and the Annual Operations of the City Report.

Part II: [Special Projects and Other Activities](#) provides information related to special projects completed, Fraud Hotline, staff qualifications and professional development, and peer review.

Part III: [Future Goals and Conclusion](#) provides a conclusion highlighting office accomplishments for the past year and goals for year 2025.

PART I: AUDITS/PROJECTS

The work performed by the IAO is guided by the annual audit plan that outlines audits and other projects for the fiscal year. The following chart summarizes notable issues in audits or projects for year 2024 that will result in gained efficiencies, improved operations, and reduced risks as management remediation efforts are completed. Our completed publications can be found on our website at the links below.

NOTABLE ISSUES REPORTED FOR YEAR 2024

Audit Report Number/ Name	Report Summary
<p><u>24-01</u></p> <p><u>Independent Internal Auditors' Report on Applying Agreed Upon Procedures (AUP) for the Year Ended 12/31/2023</u></p>	<p>As required by the Legislative Auditor, all organizations in the state of LA who receive more than \$500,000 in public funds must complete the AUP report. The procedures are intended to improve accountability and transparency, and over time yield cost savings, as the potential for fraud, waste, and abuse is reduced.</p> <p>Exceptions in the AUP report included:</p> <ul style="list-style-type: none"> • Documented policies and procedures needed to specify use of antivirus software along with timely application of system and software patches/updates. • Board/Finance Committee did not receive written updates on the progress of resolving audit findings until resolution. • One of the Operating account bank reconciliations sampled was not reviewed within one month of preparation. • Duties not divided for collecting and depositing cash at Police and SPAR. Also, six instances covering two dates where Transit was not depositing cash within one day; or one week, if more than 10 miles from collection location. • No evidence of review/approval of two monthly statements for credit cards, and documentation did not state public purpose for one travel card transaction. • One exception where pay rate was slightly different from personnel file records. One \$7,000 termination overpayment. • One exception for employee not completing ethics training; and notification of ethics policy change was not sent out timely. • Two exceptions where employees did not attend required sexual harassment training and annual sexual harassment report was not completed by deadline. <p>Management will follow up on exceptions and appropriate measures will be taken.</p>
<p><u>23-02</u></p> <p><u>Performance Audit of SPAR- Senior Programs</u></p>	<p>Senior programs offered by SPAR are designed to enhance quality of life by fostering recreation and community-building in a safe and enjoyable environment. Recommendations to enhance providing these offerings include:</p> <ul style="list-style-type: none"> ➤ Improving transparency in the documentation of funding requests.

Audit Report Number/ Name	Report Summary
	<ul style="list-style-type: none"> ➤ Updating the policy and procedures manual to include any unwritten procedures currently followed by staff. ➤ Implementing additional documentation and evaluation methods to better assess programs effectiveness. ➤ Enhancing communication strategies, including regular website updates to enhance outreach and engagement and providing training to staff regarding programs.
<p><u>24-03</u></p> <p><u>Investigative Audit of Police Central Records Overtime</u></p>	<p>We received two allegations regarding improper overtime submissions in Shreveport Police - Central Records. We did find some discrepancies comparing employee activity log reports where employees record the reports they worked on during overtime hours to timestamps within the system that digitally record access to electronic reports. During our investigation, authorization for overtime was suspended.</p> <p>What We Recommended:</p> <ul style="list-style-type: none"> ➤ Transparently communicate the availability of overtime opportunities. ➤ Overtime supervisor communicate with employee supervisor to ensure that employee has obtained 40 hours for the work week before overtime can be earned. ➤ Overtime supervisor or 3rd party verify the work has been completed by comparing activity log via time stamps or entry into the system. ➤ Track and analyze overtime to determine if it would be more economical to hire someone than paying overtime. It can also help identify overtime abuse, and properly track, and record financial activity.
<p><u>Special Report No. 24-04</u></p> <p><u>Disclosure Statement Reporting for Board and Commission Members (2023)</u></p>	<p>To aid in transparency, City ordinance requires members of any board, commission, or other body appointed by the Mayor and confirmed by the Council must disclose to the City Auditor any business contracts with the City.</p> <ul style="list-style-type: none"> • 2 of 120 board members reported having business with the City for year 2023. • There were two inactive boards. • We recommended Administration review the status of two inactive boards to assess their continued significance. If the boards or commissions are not fulfilling their established functions, the governing authority should consider their abolishment.
<p><u>24-05</u></p> <p><u>Performance Audit of Casino Contracts- Boomtown Casino Contract Compliance for Period 2022-2023</u></p>	<p>The City receives a defined contracted percentage of Adjusted Gross Receipts from Boomtown Casino, which equates to approximately \$600,000 annually. The City’s revenue from Boomtown Casino has been deemed reasonable based on contract terms and is adequately supported by appropriate documentation for years 2022-2023.</p>

Audit Report Number/ Name	Report Summary
<p><u>24-06</u></p> <p><u>Performance Audit of Casino Contracts – Bally’s Casino Contract Compliance for Period 2022-2023</u></p>	<p>By contract, the City receives contractually required revenue from Bally’s for head tax and rent. The payments made by Bally’s Casino to the City, including head tax, and fixed and percentage rent, during 2022-2023 appear to be reasonable. We recommended Bally's Casino continue demonstrating good faith efforts in achieving their procurement and employment goals.</p>
<p><u>Audit No. 24-07</u></p> <p><u>Performance W&S Billing Extensions, and Delinquent Accounts Practices</u></p>	<p>The focus of this audit was the Water and Sewer Customer Service Division, whose mission is to manage the billing and collection of charges for the water and sewer services provided.</p> <ul style="list-style-type: none"> ➤ We found billing errors and inconsistencies in documentation and classification, leading to inaccurate charges. ➤ Monitoring locked meters was inconsistent, with no systematic approach or alerts to identify water use on locked accounts. ➤ There is no definite shut-off time period if payments are not posted by due date, no documented policy to send accounts to collections, and no current agreement with the collection agency. ➤ Rules and Regulations do not address payment extensions. Some payment agreements remain active after defaulting. ➤ Customer service process scoring forms were not consistently completed on employees, and problems with the survey tool hindered efforts to assess customer service satisfaction.

ANNUAL OPERATIONS OF THE CITY REPORT

The Charter of the City of Shreveport, 1978, Section 4.25, states “... The City internal auditor shall ... (b) Issue a report to the council at least annually on all operations of the City.” Our audits determine whether operations of the City are:

- Being properly conducted in accordance with standards for governmental accounting and generally accepted accounting controls;
- Operating within their budgetary controls;
- Complying with the Louisiana Constitution, City Charter, City Ordinances, and all other applicable laws and regulations;
- Being managed and utilized in an economical and efficient manner;
- Adequately insuring timeliness and reliability of information in the management information system, administrative procedures, and organizational structures;
- Properly accounting for and safeguarding City property from loss; and
- Achieving objectives or benefits.

Exceptions for bulleted issues above are reported in Part I for referenced audits and special reports issued by the IAO during 2024. Additionally, other deficiencies are detailed in the most recent external auditor report by Carr, Riggs, and Ingram and are categorized as follows:

- **Material Weakness** - deficiency in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected on a timely basis. Material weaknesses reported included: *improper budget transfer journal entries; general fund property standards accounts receivables are not tracked and it has not been determined if receivable amounts are collectible; various funds and accounts for the financials including revenue, receivables, deferred revenue, transfers, expenses, and capital assets required material adjusting entries; compensated absence amount report contained material errors; an accurate schedule of expenditure of federal awards (SEFA) report was not prepared timely; Fire Dept. did not submit reports in accordance with the grant agreement and failed to respond to inquiries of grantor agency.*
- **Significant Deficiency** – issues less severe than material weakness yet important enough to merit attention by those responsible for oversight of the company’s financial reporting. *Lack of communication with payroll allowed Police Dept. employee to be overpaid approximately \$58,000 by receiving both disability and full salary.*
- **Compliance and Other Matters** – other issues that should be addressed. *Compliance finding for missing deadline to complete audit. Two police officers falsified overtime hours worked. The City did not have evidence of ethics training for 19 of 63 employees tested. Bank reconciliation did not properly reflect activity for \$5.2 million in reconciling items. State law requires a budget amendment when revenue was less than budget by more than 5%, but this was not done for 6 funds. Retainage payable schedules are not being maintained to support retainage balances.*

PART II: SPECIAL PROJECTS AND OTHER ACTIVITIES

Timely Information for City Policy Makers

In addition to our audits in 2024, we provided reports and other information to City Councilmembers to make informed decisions on important issues. Staff is assigned to research information and provide independent reviews. The resulting work is distributed to the requestor(s), generally by email/memorandum. The following summarizes the special projects completed or researched by the IAO for 2024.

- ◆ Provided monthly contract listing.
- ◆ Completed special project on W&S contractor
- ◆ Coordinated online streaming and meeting logistics for Audit & Finance Committee Meeting held during 2024.



Fraud Hotline

Two staff members utilize a portion of their time to investigate allegations related to fraud, waste, abuse, from employees, contractors, sub-contractors, or other parties doing business with the City. Highlights of accomplishments for year 2024 period include:

- 15 allegations received, and closed 15 allegations. Two sustained cases resulted in written reports.
- 45 allegations not pursued/not within our jurisdiction, but many were referred to other agencies.
- 3 investigative cases remained open pending further investigation or final reporting.

Staff and Professional Development

The IAO staff is talented, professional, and credentialed. There are seven budgeted auditor positions and one administrative staff position. During 2024, Professional degrees and certifications held by the staff included: six Bachelor's degrees, three Master's degrees, three Certified Internal Auditors (CIA), one Certified Public Accountant (CPA), one Certified Fraud Examiner (CFE), and one Certified Risk Management Assurance (CRMA) auditor. Certifications have rigorous standards and minimum requirements that include comprehensive exams assessing technical knowledge and skills, along with verified education and experience requirements. Staff members acquire continuing training and education annually in order to ensure that they maintain proficiency and competency in the internal auditing field, maintain professional certifications, and actively participate in professional organizations. During 2024, staff members served on the local chapter of the Institute of Internal Auditor Board, and the national Association of Local Government Auditors Committees.

Quality Control

As a part of overall quality control and assurance, according to *Government Auditing Standards*, the IAO should perform an internal quality control review to analyze and summarize the results of monitoring procedures for its operations at least annually. The review identifies any systemic issues needing improvement, along with recommendations for corrective action. Internal Audit performed this assessment for activity occurring in 2024, noting no systemic issues for corrective action. Some administrative issues were documented and addressed with staff members.

PART III: FUTURE GOALS AND CONCLUSIONS

During 2024, the IAO redesigned our audit report cover and made general cosmetic updates to the report content. The intent of the redesign was to make our reports more accessible to the public by increasing the visual appeal and reducing the wordiness/length of the reports. I believe the updated report design has met that intent and will help the IAO move forward in increasing public trust and the transparency of City government. A challenge encountered in writing our reports is ensuring our reports can meet the needs of all users, many of whose needs may be in opposition to each other. Specifically, the public and Council may need reports that are clear, concise, and easy to quickly read and understand. Management on the other hand often needs information in greater detail to assist in its understanding of the risks and issues at a much deeper level than the general public might need. To address and resolve this conflict in report users' considerations (greater detail vs. ease of access and brevity), we include graphics as much as possible so that readers can more easily grasp concepts, and then accompany that with more detailed text so other users can dig deeper if additional information is needed through narrative detail.

The IAO replaced one open position during February 2025 that was vacant during the latter part of 2024 . Our staff is well-qualified and committed to improving City operations through our work. Further enhancing staff knowledge attained through professional certifications is an ongoing goal for our office. One staff member completed the Certified Fraud Examiner (CFE) credential during 2024. We will continue efforts to encourage additional professional certifications for staff and expand auditors' capabilities for 2025, fortifying our commitment to developing the next generation of leaders and auditors.

During 2025, the IAO will receive our next external quality control review for the three-year period ending December 31, 2024. We fully anticipate we will again receive the highest rating. We will ensure the IAO continues to provide quality audits in accordance with applicable professional auditing standards.

We hope this report has provided helpful information to those interested in gaining an understanding of the performance of the Internal Audit Office. We look forward to offering services to the City Council and our citizens that will strengthen public accountability, improve efficiency and effectiveness of City government, and provide information to facilitate decision making. We welcome suggestions for future work our office could perform.

Prepared by:

Leanis L. Steward

Leanis L. Steward, CPA, CIA
City Internal Auditor

ls:ts

c: Audit and Finance Committee
City Council Members
Clerk of Council
Carr, Riggs and Ingram