



February 20, 2026
**AUDIT
REPORT**

*Annual Report on Operations of the Internal Audit
Office for Year 2025*

REPORT HIGHLIGHTS:	PAGE:
• Notable audit issues for year 2025 reports	2
• Successfully passed three-year period peer review	7
• Future goals	7



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The Council
City of Shreveport

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February 20, 2026

Councilwoman Tabatha Taylor
Chairman, Shreveport City Council

Dear Councilwoman Taylor:

Subject: Annual Report on Operations of the Internal Audit Office for Year 2025

This Annual Report highlights Internal Audit Office operating activities for year 2025 and goals and objectives for 2026.

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

Sincerely,

Leanis L. Steward

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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 2025

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 2025. It also provides information on the staff and their qualifications to serve the City.

Part I: Audits/Projects: describes reports completed in 2025 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 2026.

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 2025 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 2025

Audit Report Number/ Name	Report Summary
<p><u>25-01</u></p> <p><u>Performance Audit Police Audit of Police – Support/City Jail Bureau</u></p>	<p>Our objective was to determine the adequacy and effectiveness of internal controls over the safety and well-being of inmates and jail staff.</p> <p>What We Recommended:</p> <ul style="list-style-type: none"> • Develop a preventative maintenance schedule for the emergency power generator to help ensure its functioning in handling emergency situations. • Establish a formal checklist to verify proper working condition of toilets and handwashing sinks classified as critical items by the State Health Inspections.
<p><u>25-02</u></p> <p><u>Performance Audit of Casino Contracts - Sam's Town Casino</u></p>	<p>The City receives contractually required revenue from Sam's Town Casino for head tax and rent. Sam's Town Casino paid the City approximately \$2.5M each in years 2022 and 2023. The amounts paid appear to be reasonable. We recommended Sam's Town Casino continue demonstrating good faith efforts in achieving their procurement and employment goals.</p>
<p><u>25-03</u></p> <p><u>Independent Internal Auditor's Report on Applying Agreed Upon Procedures (December 2024)</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 are needed to specify use of antivirus software along with timely application of system and software patches/updates. • The governing board did not receive written updates on the progress of resolving audit findings until resolution. • Could not determine whether a bank reconciliation review was prepared within one month for Water & Sewerage account because no review date was included.

Audit Report Number/ Name	Report Summary
	<ul style="list-style-type: none"> • Amounts from one day sampled from Shreve Memorial Library were not deposited within one day of receipt or within one week if the depository is more than 10 miles from collection location. • Electronic disbursement for four of five vendors sampled were not approved by an employee authorized to sign checks. • One purchase card did not have business/public purpose documented. One travel card did not have itemized receipt attached. • One contract had change orders processed, but the contract did not provide for change orders. • One employee's compensation paid did not agree to pay rate structure within their personnel file. One employee's leave accrued during the pay period was not reflected in the entity's cumulative leave records. One employee's unpaid leave was not properly documented nor reflected the supervisors' approval. • Four of five employees did not complete ethics training. • Four of five employees did not attend a one-hour sexual harassment training. The annual sexual harassment report was not completed before February 1, 2025; it was signed on April 9, 2025. <p>➤ Management will follow up on exceptions and appropriate measures will be taken.</p>
<p><u>Special Report No. 25-04</u></p> <p><u>Disclosure Statement Reporting for Board and Commission Members (2024)</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"> • 4 of 120 board members reported having business with the City for year 2024. • There were no inactive boards because the Administration had taken appropriate measures to rescind legislation for the boards.
<p><u>25-05</u></p> <p><u>Performance Audit of Public Works Permits Processing Times</u></p>	<p>Our objective was to determine whether permit applications are processed within the established timeframes—typically 3 to 5 business days for residential permits and 5 to 10 business days for commercial permits. We found 27% of permits sampled exceeded the expected turnaround times, indicating opportunities to improve process efficiency.</p> <p>What We Recommended:</p> <ul style="list-style-type: none"> • Notification alerts had been disabled due to excessive volume of non-targeted alerts, creating notification fatigue. We recommended the Permits Office collaborate with computer system provider to reconfigure the notification system to permit targeted alerts to enhance service delivery and efficiency.

Audit Report Number/ Name	Report Summary
	<ul style="list-style-type: none"> • Identify persistent bottlenecks such as needing additional customer information, financing not secured, staff out of the office, and implement improvements to reduce delays and increase efficiency • Clearly document expected permit processing timeframes and ensure they are communicated
<p><u>25-06</u></p> <p><u>Performance Audit of Community Oriented Police Bureau Donations</u></p>	<p>The objective of our audit for the Community Oriented Police Bureau-Donations was to determine if controls were established and effectively implemented to ensure the proper receipt, accurate recording, and appropriate use of donations.</p> <p>What We Recommended:</p> <ul style="list-style-type: none"> • Establishing and maintaining comprehensive documentation related to events and donations • Adhering to policies prohibiting the acceptance of cash and gift card donations
<p><u>25-07</u></p> <p><u>Performance Audit of Public Works Fleet Services - Inventory</u></p>	<p>Our objective was to determine are adequate internal controls implemented to account for and safeguard Fleet Services Inventory.</p> <p>What We Recommended:</p> <ul style="list-style-type: none"> ➤ Establish and document detailed standard operating procedures for daily operation. ➤ No single person should be responsible for the whole inventory ordering process. ➤ Employees should document receipt and verification of inventory. ➤ Warehouse personnel should use standardized service requests and work orders.

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. 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: *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 prepared by Police personnel contained material errors; an accurate schedule of expenditure of federal awards (SEFA) report was not prepared timely; eight funds have negative fund balance position; the City incurred and paid \$1.5M in penalties and interest for failure to file 2021 tax form timely.*
- **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: *wire transfers were not approved by the appropriate authority;. lack of communication with payroll allowed Police Department employee who is now terminated to be overpaid approximately \$58,000 by receiving both disability and full salary.*
- **Compliance and Other Matters**– other issues that should be addressed. *Misappropriation- Police employee who was working second job while also being paid to work at City of Shreveport during same hours was paid \$4.3K in questioned salary and has been terminated; one commodity and one public work procurement were not advertised or noticed in accordance with bid law.*

PART II: SPECIAL PROJECTS AND OTHER ACTIVITIES

Timely Information for City Policy Makers

In addition to our audits in 2025, 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 2025.

- ◆ Provided monthly contract listing.
- ◆ Researched property standards and other violations on selected addresses.
- ◆ Researched property tax collection costs
- ◆ Obtained sales tax collection and projection information for certain specific categories
- ◆ Analyzed projected salary increases for Civil Service and Non-Civil service employees
- ◆ Researched permitting activity for selected address



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 2025 period include:

- ◆ 10 allegations received, and 3 carried forward from prior year; 12 allegations closed.
- ◆ 4 allegations were substantiated.
- ◆ 40 allegations not pursued/not within our jurisdiction, but many were referred to other agencies.
- ◆ 1 investigative case remained open pending 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 2025, Professional degrees and certifications held by the staff included: seven 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 2025, staff members served on the local chapter of the Institute of Internal Auditor Board, and the national Association of Local Government Auditors Committees.

Peer Review and Quality Management System

During 2025, the IAO successfully passed our fourth consecutive [external peer review](#), receiving the highest possible rating. To make sure we have objective well-supported audit reports, we are reviewed by an external review team every three years. The peer reviewers concluded that our office operated in compliance with *Government Auditing Standards* during the period January 1, 2022 through December 31, 2024, and for the first time reported no findings for improvement. The *Government Auditing Standards* are issued by the U.S. Comptroller General to provide a framework for performing high-quality audit work with competence, integrity, and independence. Our next review will occur in 2028.

Additionally, the [2024 Government Auditing Standards Revision](#) required the IAO design and implement a system of quality management by December 2025, addressing the following objectives: governance and leadership; independence, legal and ethical requirements; acceptance, initiation, and continuance of engagements; engagement performance; resources; and information and communication. The IAO has documented its system of quality management in accordance with the standards. The City Auditor is assigned ultimate responsibility for the system of quality management and the City Auditor, along with the Supervising Senior Auditor, have operational responsibility for the system. The standards require those assigned responsibility complete an evaluation of the system by December 2026.

PART III: FUTURE GOALS AND CONCLUSIONS

The IAO recruited for an auditor position that became vacant during September 2025, and hired one auditor in January 2026. 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. We will continue efforts to encourage additional professional certifications for staff and expand auditors' capabilities for 2026, fortifying our commitment to developing the next generation of leaders and auditors.

During 2026, the IAO will also fully satisfy the requirements of the *2024 Government Audit Standards Revision* by evaluating its system of quality management. Conclusions will be reported in next year's annual report.

Finally, we will focus on more marketing and training efforts for the Fraud Hotline to increase visibility of this service. This promotion activity will be used to remind employees of the fraud hotline's existence and provide clear instructions for using the fraud hotline. We believe this will make a difference in the number of reports received.

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:

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