

REPORT TO THE CITY COUNCIL BY THE CITY INTERNAL AUDITOR

AUDIT OF SHREVEPORT GREEN CONTRACT WITH THE CITY OF SHREVEPORT

INTERNAL AUDIT REPORT 210011-01

March 17, 2011



March 17, 2011

Councilman Oliver Jenkins
Chairman, Shreveport City Council

Dear Councilman Jenkins:

Subject: IAR210011-01 — Audit of the Shreveport Green Contract With the City of Shreveport

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

Sincerely,

Leanis L. Steward, CPA, CIA
City Internal Auditor

EXECUTIVE SUMMARY
AUDIT OF SHREVEPORT GREEN CONTRACT
WITH THE CITY OF SHREVEPORT
INTERNAL AUDIT REPORT (IAR) 210011-01

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

Shreveport Green is a 501 (c) (3) not-for-profit organization located at 3625 Southern Avenue, Shreveport, Louisiana. It was established in March 1990.

Its mission is improving the City of Shreveport's environment and enhancing its economy through public education and community beautification, litter abatement, and recycling projects.

RECOMMENDATION EVALUATION RISK CRITERIA

The chart below summarizes 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 recommendations are not implemented. This report contains four findings and five recommendations.

Risk Levels	Recommendations
High Risk Possibility of fraud, waste, and abuse of City assets; Interrupted and/or disrupted operations; Entity's mission not being met; Adverse publicity.	No recommendations are applicable.
Medium Risk Possibility of continuing, significant operating inefficiencies and high-level non-compliance issues.	* Policies and Procedures Manual. (Finding 1)
Low Risk Possibility of continuing operating inefficiencies and some low-level non-compliance issues.	* Connection with Students and Young People (Finding 2) * Formal Policy for Training and Development (Finding 3) * Record Management System (Finding 4)

INDEX

Executive Summary	1
Index	2
Objectives	3
Scope and Methodology.....	3
Background	3
Conclusions/Findings/Recommendations	4

Findings

	<u>Risk Factor</u>	
1. Policies and Procedures Manual.....	Medium.....	5
2. Connection With Students and Young People Via Internet and Social Networking Tools.....	Low.....	5
3. Formal Policy for Training and Development of Staff	Low.....	6
4. Record Management System.....	Low.....	7

AUDIT OF SHREVEPORT GREEN CONTRACT WITH THE CITY OF SHREVEPORT INTERNAL AUDIT REPORT (IAR210011-01)

OBJECTIVES

The objective of this audit report was to review and evaluate compliance with the contract between Shreveport Green and the City of Shreveport. This was a scheduled audit for 2010.

SCOPE AND METHODOLOGY

We conducted this audit in accordance with generally accepted government auditing standards, except that a peer review has not been performed, and included such test of procedures and controls as considered appropriate. We believe that the evidence obtained provides a reasonable basis for our findings, conclusions, and recommendations based on our audit objectives. Our audit procedures included but were not limited to the following:

- Interviewing appropriate personnel and management.
- Observing operations and ongoing activities.
- Reviewing applicable documentation and records.

The audit period included years 2007 to 2010.

BACKGROUND

Shreveport Green is a 501 (c) (3) not-for-profit organization located at 3625 Southern Avenue, Shreveport, Louisiana. It was established in 1990. Its mission is improving the City's environment and enhancing its economy through public education and community beautification, litter abatement, and recycling projects.

The vision of Shreveport Green for the City of Shreveport is a clean, green, physically enhanced community whose citizens exhibit a strong sense of pride and concern about the environment. Shreveport Green maintains that an attractive city promotes respect and economic development.

Shreveport Green has developed a wide array of projects and programs geared towards improving the community. Annual clean-ups such as the Great American Clean-Up are complemented by monthly cleanups organized by special groups. The Neighborhood Program provides educational materials and equipment allowing homeowners to improve the appearance of their property. Recycling programs like Telephone Book and Christmas Trees save valuable space in the landfill as well as educating the public about the importance of recycling. The entity is creating a new program with the Home Depot Foundation, Neighborhoods, to help preserve declining urban green spaces.



IAR 210011-01

December 27, 2010

Shreveport Green's goal is to make a difference through education and outreach. The entity offers a variety of services to provide members of the community with the means to give back. Shreveport Green provides a number of volunteer opportunities, even loaning out equipment to help conduct clean-ups and tree plantings. Shreveport Green can provide speakers for schools or civic organizations to educate individuals about the needs of recycling and beautification for the community.

Listed below are some of Shreveport Green's accomplishments:

- Sixteen National Awards for excellence in programming,
- One-hundred eighty beautification projects, including planting over 110,000 trees,
- Reduced litter as measured by the Litter Index Score of 1.2,
- Cost Benefit to the City of Shreveport; \$7.09 for every \$1.00,
- One of the top telephone book recycling programs in the South! 175 tons,
- Tree City USA status maintained every year since 1991; Growth Award since 1998,
- Rewrote Shreveport Tree Ordinance in 1995,
- Total volunteer hours for 2006; 42,842,
- ShrevCORPS has completed 231 community projects since 1994,
- Annual Great American Cleanup enlisted 8,111 volunteers in 2006,
- Neighborhood Program includes 27 neighborhoods,
- National Tree Trust Branching Out Award in 2000.

From 2007 to 2010, Shreveport Green has received about \$350,000 in funding from the City of Shreveport through the Riverfront Fund.

CONCLUSIONS/FINDINGS/RECOMMENDATIONS

The Internal Audit Office would like to express our sincere appreciation to Shreveport Green's management and employees for the courtesy, patience, and for their invaluable assistance and cooperation during the course of our fieldwork and audit.

Overall, we found that Shreveport Green management and staff is operating the entity efficiently and effectively. Based on the results of the audit, we believe that an adequate system of internal controls is in existence over the examined areas.

Our tests and observations of current operations and discussions with operating personnel indicated the following suggestions for operational efficiency. Our findings are summarized below.



1. Policies and Procedures Manual

Criteria: Standardized policies and procedures can greatly improve operations and efficiency of an entity by providing uniformity in practices, clear lines of responsibility, accountability, and lessening the threat of interruption from employee turnover or absenteeism.

Condition: We noticed an absence of a comprehensive employee manual with policies regarding personnel issues, defined authority and responsibility, vacation and sick time, financial reporting, purchasing, payroll processing, record keeping, health insurance coverage, travel, employment related issues, safety, and other critical tasks and responsibilities.

Effect:

- Operations may not be in accordance with mission, goals, and objectives.
- Policies and procedures may be violated.
- Existing laws and regulations may be violated.

Cause: Administrative oversight. Management had not assessed the benefits of a comprehensive written policies and procedures manual. In many instances, verbal instructions and directives were given to employees.

Recommendation: We recommend that the Executive Director and Board members develop and implement a comprehensive policies and procedures manual which addresses critical operations and activities of the organization. This formal written policies and procedures manual should be given to all employees, along with their written acknowledgement, would serve as a reference tool for those seeking guidance of day to day work related operations and situations.

Management Response: We have an employee manual that covers vacation and sick time; addresses health insurance coverage (none at this time); outlines salary and expense reimbursement; presents calendar schedule; grievance policy; and travel guidelines. We plan to create a more comprehensive document including employee and operational manual within the next six months. We have applied to LANO for a grant to assist in this creation of a comprehensive document.

2. Connection With Students and Young People Via Internet and Social Networking Tools

Background: One of Shreveport Green's goals is to get in touch and teach students and young people about recycling and keeping Shreveport beautiful. Shreveport Green's primary goal is educating area youths on a variety of environmental matters.



By providing area youth with a comprehensive knowledge of waste management problems, Shreveport Green hopes to encourage them to develop new solutions that recycling provides. From the presentations offered by talking tree "Annie Oakleaf," to the more serious scope of the Clean Campus Contest, Shreveport Green offers a variety of educational programming for area youngsters.

Criteria: In order to accomplish their goals, Shreveport Green needs to be proactive to reach out and get those students and young people involved via new media formats and social networking tools.

Condition: Shreveport Green does not have a presence in new media formats or social networking tools such as Twitter, LinkedIn, MySpace, YouTube, instant messenger, et al. It does have an account with Facebook on its webpage.

Effect:

- A lack of social networking tools to reach out to the target audience.
- Inefficiency in operations.
- Unable to connect and engage with students and young people.

Cause: Administrative oversight. Lack of social networking experience and expertise from Shreveport Green staff.

Recommendation: We recommend that Shreveport Green utilizes social networking tools and sites such as Twitter, MySpace, YouTube, LinkedIn, and Really Simple Syndication (RSS) feed to engage and educate area students and young people.

Email alerts, mobile/smart phone texting, and instance messenger notifications should be used to notify users of any updates, events, future planning, and promotions.

Management Response: We are constantly upgrading our website and are able to register volunteers; receive requests for services and information; and sign up for projects. Our Facebook page is updated regularly and includes a video shot by ShrevCORPS and edited by our ShrevCORPS staff. The video is also on YouTube. Current pictures and data are added practically weekly! We have not done any "Tweeting", although we have discussed it. We are planning on expanding our outreach through the social network and will address that within the next six months. We do have an email outreach, but realize we need to expand that also.

3. Formal Policy for Training and Development of Staff

Criteria: A well trained, professional, and competent staff is a necessity for any organization to accomplish its mission, goals, and objectives. Well trained staff could enable Shreveport Green in reaching its mission of improving the city's environment and enhancing its economy through public education and community beautification, litter abatement, and recycling projects.



Condition: We could not see where Shreveport Green is providing formal training and development to staff members. We also could not see a formal written policy on training of staff from Shreveport Green management. Training is mostly done via verbal instructions.

Effect: Inefficient operations. Unable to support established mission, goals, and objectives.

Cause:

- Shreveport Green does not have a formal written training and development policy or procedure.
- Lack of employee relation and training experience from Executive Board and management.

Recommendation: The Board and the Executive Director should develop an assessment of training and development for staff members based on its established mission, goals, and objectives. A formal written training and development policy should be established and maintained.

Management Response: Absolutely I recognize this as a weakness and I intend to develop a formal written training and development policy. The LANO grant will assist us in this effort. Our current board has recognized this issue and we have been working to remedy it. We should have a written policy in place within six months.

4. Record Management System

Criteria: A centralized file system helps to ensure proper document keeping and efficient files and records access.

Condition: We noted that Shreveport Green did not have an efficient record management system. Financial records and paper work were in envelopes and boxes and not in an orderly, centralized filing location. Also, there was no formal backup policy in place for computer records.

Effect:

- Possibility of incomplete or missing files and records.
- Decrease in productivity.
- Possible non-compliance with contract provisions that require maintenance of records.
- Inefficient review of records.

Cause: Management oversight.

Recommendation: We recommend that Shreveport Green:



IAR 210011-01 December 27, 2010

- Establish a centralized record management system to maintain better efficiency and completeness of files and records and to ensure those files and records are arranged in an organized manner.
- Create a formal backup policy for its computer system and include the policy in the manual recommended in Finding #1 - "Policies and Procedures Manual." Management should establish a daily backup schedule with offsite storage for its critical electronic files and records.

Management Response: We recognize this as a weakness and are working with our current bookkeeper to organize our financial record more efficiently. I am also in the process of pulling all of our organizational information together in a central binder. As a staff we are beginning to organize all programs, projects and grants in a manner that we can refer to in a more orderly way. Although we work independently on many projects, we have begun to realize that we need our "work" to be cataloged in a way that can be accessed by all. Although each computer has backup through an exterior drive, we have been working toward a more efficient manner of preserving the data. We have contracted with a firm to install a new system that will be backed up daily and the external hard drive taken offsite.

Prepared by:

Brian Nguyen
Staff Auditor

Approved by:

Leanis L. Steward, CPA, CIA
City Internal Auditor

bn

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