



Finance Department
Auditing Division
P.O. Box 1471
Baton Rouge, LA 70821
(225) 389-3076
www.brgov.com

Auditing Division 2004 Annual Report

This is a summary of the activities and accomplishments of the Auditing Division for the year ended December 31, 2004. As illustrated in this report, the Auditing Division focused its efforts on the following areas:

- Revenue generation,
- Identifying cost savings,
- Assisting City-Parish employees in improving the efficiency of operations,
- Establishing stronger internal controls, and
- Promoting increased governmental accountability.

The Auditing Division has two distinct responsibilities. The first responsibility is to perform audits of businesses to ensure compliance with sales, use, occupational license, insurance premium, gross receipts, and hotel/motel laws. These audits are conducted not only for the benefit of the City-Parish but also for the East Baton Rouge Parish School System, Zachary Community School Board, Baker School District, and the Cities of Baker and Zachary.

Our second responsibility is to assess various functions and control systems in City-Parish government and advise management where improvements can be made. Additionally, our work is important in promoting governmental accountability.

The Auditing Division's 2004 accomplishments were not possible without the dedication of this office's employees. I thank them for their efforts. I also want to thank the Audit Committee members for their valued contributions. With this excellent leadership and staff, we look forward to another excellent year.

Mike Hill

Mike Hill
Auditing Manager

Revenue Audit

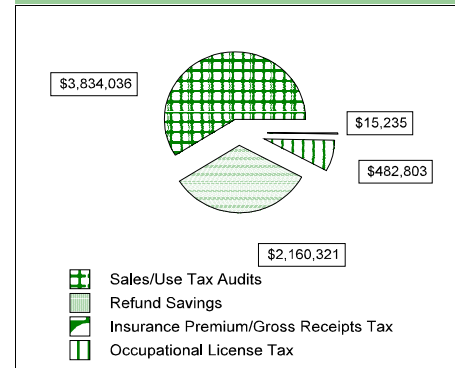
In 2004, the Revenue Audit staff's total collections and refund savings were over **\$6,492,000**. This was the **fourth highest** annual collection amount in the Auditing Division's twenty-three year history of auditing sales taxes.

For every dollar spent on the revenue audit function in 2004, the staff collected approximately **\$4.33**.¹

Other tasks and/or special projects performed by the Revenue Audit staff include the following:

- Worked with the Louisiana Association of Tax Administrators (LATA) to support the interest of local governments in the collection and administration of sales tax. We continue to work with LATA on the Certified Tax Examiner program to certify sales and use tax auditors.
- Assisted in reviewing state legislation affecting local sales and use taxes in East Baton Rouge Parish.
- Monitored river boat casino boardings and revenues paid to the City-Parish. The two river boats boarded over 2,601,600 passengers and paid fees of \$6,504,030 in 2004.

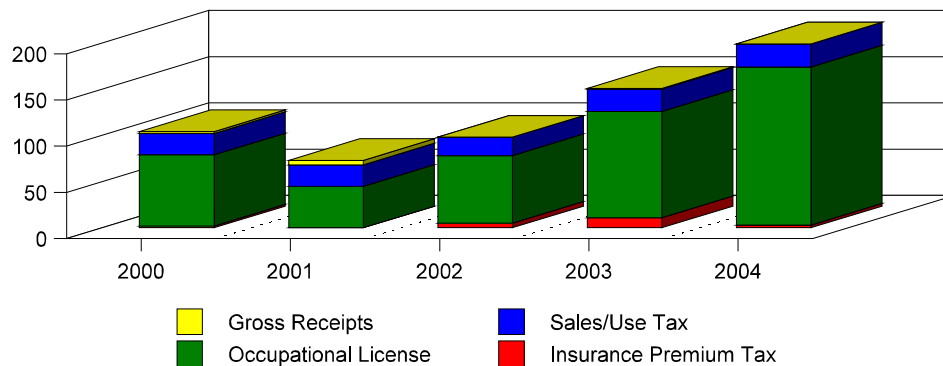
2004 Audit Collections



Audit Research and Selection

Of the \$6,492,000 total collections, the Audit Research and Selection Section (ARS) collected **\$1,395,600** during 2004. ARS staff also contacted **600** business and registered **199** businesses for various taxes. The new registrations expand the tax bases and result in more revenues for the future.

Number of Business Registrations



¹This figure includes indirect cost.

Internal Audit

From audits and special projects performed in 2004, we identified approximately \$176,000 in potential revenues and cost savings. Over the past five years, the total has exceeded \$1,141,000.

Not all audits have a measurable financial impact. Some of the other beneficial purposes of audits include verification of the following:

- ✓ Proper management and accounting controls have been established,
- ✓ Expenditures were made in compliance with applicable laws and regulations,
- ✓ Assets are safeguarded, and
- ✓ Financial data is reliable.

2004 Audits

- EMS Prison Medical Services Audit, February 2004
- Investment Audit, April 2004
- Community Development Housing Rehabilitation Audit Myrtle Street Project, July 2004
- Audit Follow-Up Reviews 2003 - 2004, October 2004
- Procurement Card Audit, expected issuance March 2005

Special Projects

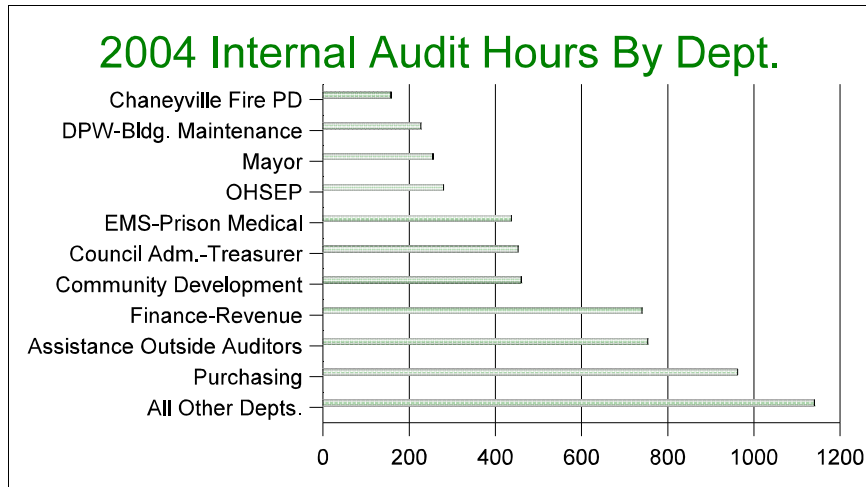
- Head Start Certification Confirmation
- DPW Building Maintenance Anonymous Complaints
- DPW East Lot Anonymous Complaints
- Chaneyville Fire Protection District Review
- Sewer User Fee Analysis
- Baton Rouge Sports Foundation Championship Games
- Leo S. Butler Community Center Utility Payment Center Contract
- Police Department Intelligence Division Funds Cash Count

Annual Assistance to Outside Audit Firm

- Payroll Testing

Information Systems Projects

- Audit Information Management System
- Local Area Network
- Revenue Computer System
- T.R.A.C. System - Service Fee Business Office and Finance-Accounting



Office Operations

Professional Certification In the Auditing Division, there are thirteen Certified Public Accountants, five Certified Internal Auditors, two Certified Fraud Examiners, and three Certified Tax Examiners.

The audit staff participates in several professional organizations so that we can stay abreast of current issues and practices in auditing and share knowledge and experiences. Some organizations to which we belong include the following:

American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants
Institute of Internal Auditors
Association of Certified Fraud Examiners
National Association of Local Government Auditors
Louisiana Association of Tax Administrators
Information Systems Audit Control Association

Risk Assessment To direct audit efforts to the needs of the City-Parish and to carry out our responsibilities, the Auditing Division has formulated a Risk Analysis Model from which the Internal Audit Section annual Audit Plan is prepared. The Auditing Division evaluates every City-Parish budget unit based on the following criteria: the financial exposure of the unit, the number of employees, the time elapsed since last audit, the extent to which the area is a source or use of cash, and the assets controlled by the unit.

The Revenue Audit Section conducts monthly Audit Selection Committee meetings in order to prioritize the audit list, review the State of Louisiana reports and audits, analyze statistical reports produced by the Information Services Department, and plan out-of-town audits.

Audit Committee In 2004, the Audit Committee was made up of the Chairman Paul Thompson, City-Parish Chief Administrative Officer, Lorri Burgess, Mayor-President Pro-Tempore, David Medlin, Finance Director, and Brian Mayers, Council Administrator/Treasurer. The Audit Committee meets approximately four times a year. During these meetings, the Audit Committee reviews the annual Audit Plan and audit reports issued. They also receive the outside audit firm's report on the City-Parish financial statements.