



Internal Auditing Division 2010 Annual Report

February 9, 2011

The following report is a summary of the highlights and audit accomplishments during 2010. The Internal Auditing Division had a productive year which included the completion of ten audit reports and seven special projects. We also substantially completed three additional audits and provided assistance to the external audit firm in order to reduce audit expenses. In 2010, 66 corrective action items/recommendations were made. For a brief description of our audit projects, see pages 4 and 5.

This was the first full year of operations for our grants compliance and monitoring section, Financial Accountability. Of the audit work mentioned above, five audits and one special project were related to grants. Because of budget constraints, expected funding not realized, and normal turnover, two of the three audit positions in this section are currently vacant.

In 2010, we identified over \$800,000 in dollar recoveries, cost savings, or potential revenues. The Internal Auditing Division's work is not always measurable. However, it does provide other benefits such as the improvement of internal controls and minimization of risks.

On behalf of the Internal Auditing Division, I would like to express my appreciation to City-Parish staff for their cooperation and assistance during the audits throughout the year.

Sincerely,

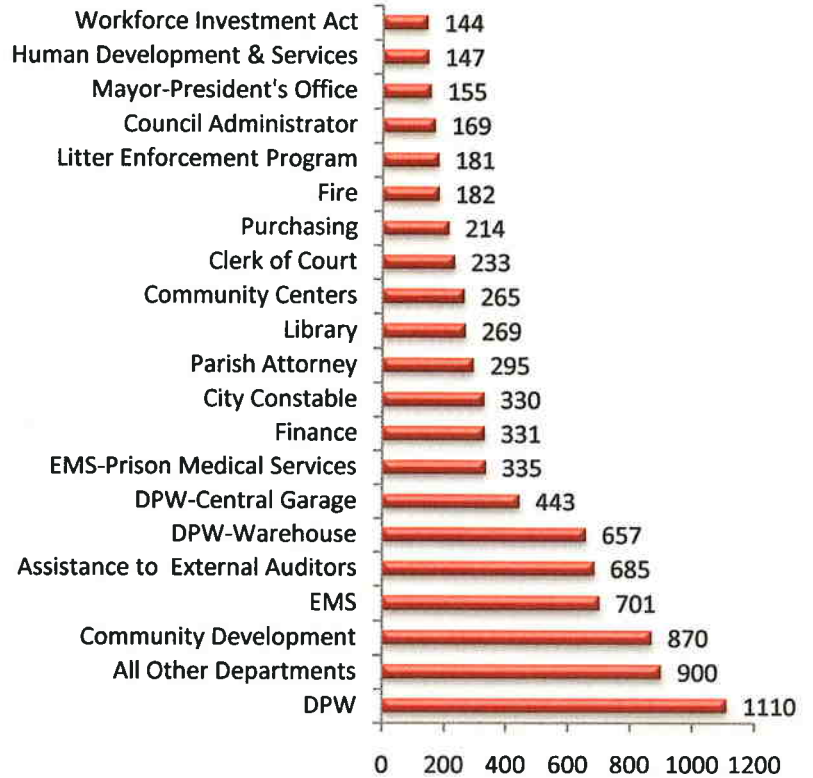
Carol Marcantel
Auditing Manager

Audit Hours by Department/Program

The Internal Auditing Division has a risk analysis model from which its Annual Audit Plan is developed. Some of the criteria used to evaluate departments and programs include:

- Time elapsed since last audit
- Assets controlled by unit
- Proposed expenditures
- Revenues collected
- Evidence of problems

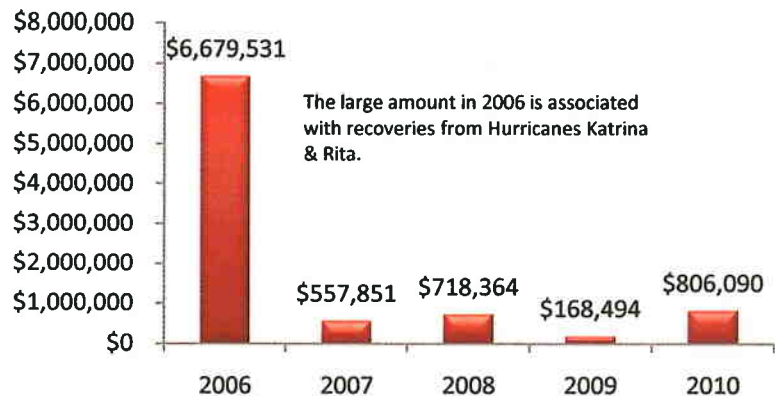
The Annual Audit Plan is reviewed and approved by the Audit Committee each year.



Cost Savings, Recoveries, and Potential Revenues

Over the past ten years, the Internal Auditing Division has identified cost savings, recoveries, or potential revenues of over \$10,970,000.

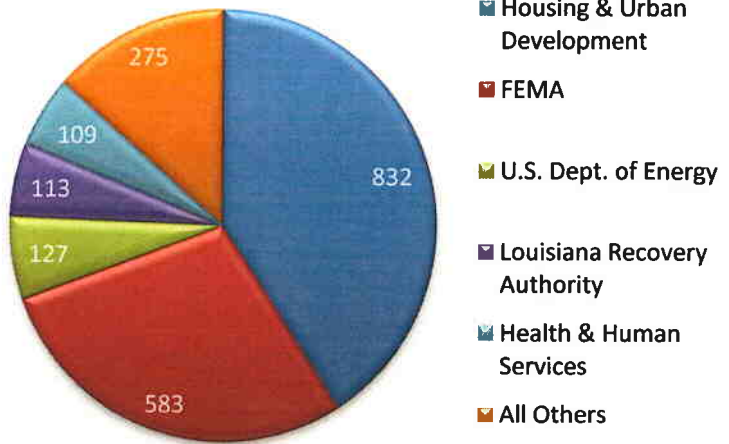
Past Five Years 2006 - 2010



Financial Accountability Hours by Grant Agency

In addition to audits on the Annual Work Program, the Financial Accountability auditors worked on the following:

- Site visits from the U.S. Department of Energy and Governor's Office of Homeland Security and Emergency Preparedness;
- Monthly and quarterly cost allocations to grants for personnel costs; and
- Reimbursement of disaster expenses from Hurricanes Katrina, Rita, and Gustav.



Staffing (Full-time equivalents)

Because of budget constraints and expected funding not realized, the Internal Auditing Division was unable to hire all six new positions approved by the Metropolitan Council in 2009 to form the Financial Accountability Section. In addition, we experienced some turnover. Currently, only five of the eleven allotted audit positions are filled. As a result, the Internal Auditing Division removed most of the grant monitoring projects from the 2011 Annual Audit Plan.



Audits Completed

Below is a summary of audits completed in 2010.

2008 Single Audit Follow-up: Program Income (Jan. 2010) The objective of the audit was to determine if the Office of Community Development had corrected the deficiency related to the draw down of federal funds when program income was available.

2009 Annual Report (Feb. 2010) This report was a summary of the activities and accomplishments of the Internal Auditing Division in 2009.

Cash Count Audit (Mar. 2010) Our audit looked at whether cash was properly accounted for and safeguarded and if cash receipts were deposited timely for certain departments.

2008 Single Audit Follow-up: Loan Portfolio (May 2010) The purpose of the audit was to determine if the Office of Community Development had corrected the deficiency related to the recording of loans into the servicer's software timely and accurately.

2008 Single Audit Follow-up: Subrecipient Monitoring (May 2010) The audit objective was to determine if the Office of Community Development had corrected the finding related to lack of monitoring of subrecipients for its CDBG and HOME programs. We expanded this audit to look at the monitoring of five other programs.

2008 Single Audit Follow-up: Ryan White Program Expense Support (June 2010) The audit objective was to determine whether the Office of Community Development and the Department of Human Development and Services had corrected the finding related to adequate documentation of expenditures.

Community Centers Revenue Audit (June 2010) The audit focused on rental revenues and liability insurance issues.

Office of Community Development Inspections Division Audit (Oct. 2010) The purpose of this audit was to determine if the Office of Community Development was performing its inspection function efficiently and economically.

Electric & Street Light Expense Audit (Nov. 2010) The audit assessed the accuracy of electric and street light billings and determined if there were opportunities to reduce expenses.

Purchasing Division: Contracts Approval & Tracking Process Audit (Nov. 2010) The purpose of the audit was to review the process of issuing and tracking contracts and related purchase orders.

Special Projects Completed

Below is a summary of special projects completed in 2010.

Police Narcotics Division Cash Count (Jan. 2010)

Purchasing HVAC Contract Review (Jan. 2010)

Litter Enforcement Program (Feb. 2010)

DPW Special Order Items Review (Apr. 2010)

Special Projects Completed (continued)

Review of Duplicated Reimbursements in Grant Programs (May 2010)

Registry of the Court Review (Aug. 2010)

Payroll Investigation (Dec. 2010)

Audits In Progress

The following audits are near completion with the expected issuance dates noted.

EMS Billing Process Audit (Feb. 2011)

Overtime Expense Audit (Feb. 2011)

Fleet Operations Audit (Mar. 2011)

Internal Auditing Division Staff

Auditing Manager - Carol Marcantel, CPA

Assistant Auditing Manager – Cindy Kleinpeter, CPA, CIA, CFE

Senior Auditor – Barbara Baughman

Auditor – Andrea George

Auditor – Devin Fernandez

Certification Legend

CPA
Certified Public
Accountant

CIA
Certified Internal
Auditor

CFE
Certified Fraud
Examiner