



City of Baton Rouge
Parish of East Baton Rouge
Finance Department
P.O. Box 1471
Baton Rouge, LA 70808
(225) 389-3076
www.brgov.com

2008 Annual Report

The following report is a summary of the activities and accomplishments of the Auditing Division for the year ended December 31, 2008. As illustrated in this report, the Auditing Division focused its efforts on the following areas:

- Generating revenue,
- Identifying cost savings,
- Insuring compliance with tax laws,
- Assisting employees in improving the efficiency of City-Parish operations,
- Establishing stronger internal controls, and
- Promoting 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 tax 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, City of Baker School District, Central Community School System and the Cities of Baker, Zachary, and Central.

Our second responsibility is to assess various operations 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 2008 accomplishments were not possible without the dedication of this office's employees. Other offices are instrumental to our success particularly Finance-Administration and Finance-Revenue. I thank them for their assistance. Finally, I want to thank the Audit Committee members for their leadership and support.

Carol Marcantel
Auditing Manager

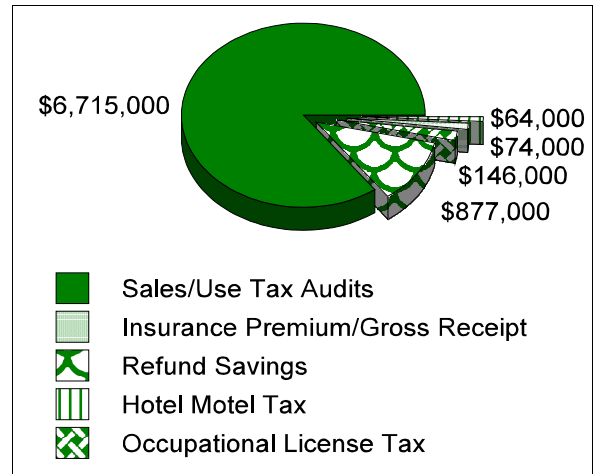
Revenue Auditing

In 2008, the Revenue Audit staff's total collections and refund savings were **\$7,876,000**. This was the **third highest** annual collection amount in the Auditing Division's twenty-eight year history of auditing taxes.

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.
- Assisted in reviewing state legislation affecting local sales and use taxes in East Baton Rouge Parish.

2008 Audit Collections



Highest Annual Audit Collections

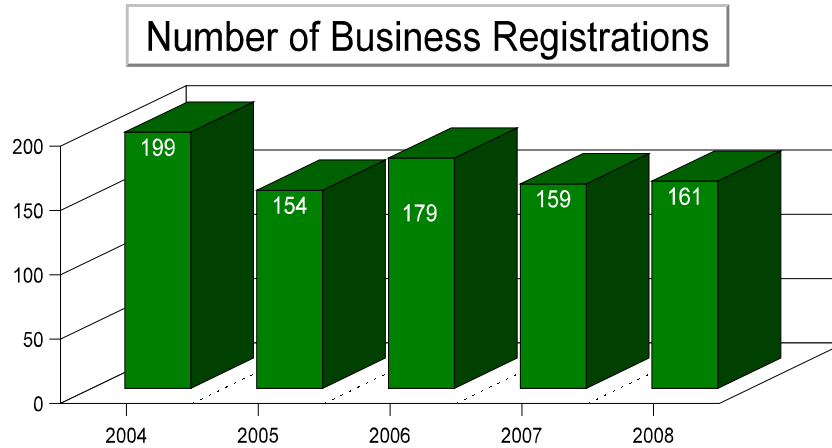
<u>Year</u>	<u>Amount</u>
1987	\$12,250,000
2006	\$ 8,057,000
2008	\$ 7,876,000
1996	\$ 7,680,000
2007	\$ 7,648,000

- Obtained 97% positive responses on 2008 Audit Quality Questionnaires.
- Monitored river boat casino boardings and revenues paid to the City-Parish. The two river boats boarded 2,295,976 passengers and paid fees of \$5,739,940 in 2008.

Beginning in 2009, the river boats will pay fees based upon a percentage of monthly net gaming revenues rather than a flat fee per admission. Therefore, the Auditing Division will no longer monitor river boat boardings.

Audit Research and Selection

Of the \$7,876,000 total collections, the Audit Research and Selection Section (ARS) collected \$970,000 during 2008. ARS staff also contacted 1,245 businesses and registered 161 businesses for various taxes. The new registrations expand the tax bases and result in more revenues for the future.



Internal Audit

The audits and special projects performed in 2008 identified over \$718,000 in potential revenues and cost savings.

Some of the 2008 audits and special projects were performed to verify that:

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

2008 Audits (Completed and In Progress)

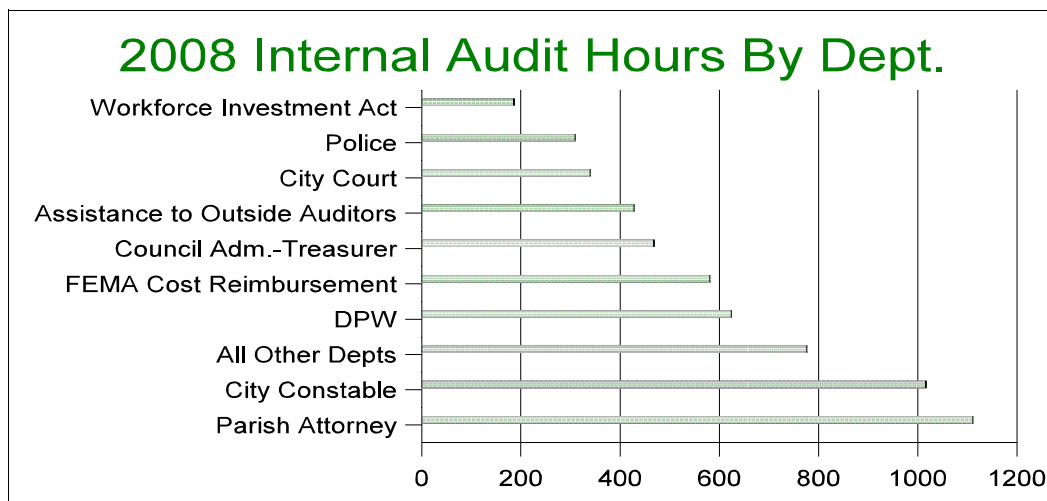
- City Court Bond Forfeitures Audit, *March 2008*
- Audit Follow-Up Reviews 2007 - 2008 (Police Department Cash Receipts Audit and City Court Bond Forfeitures Audit)
- Investment Audit, *February 2009*
- Workforce Investment Act Training Provider Audit, *ongoing*

Special Projects

- Federal Emergency Management Agency Reimbursement Coordination - Hurricanes Katrina and Gustav, *ongoing*
- DPW-Warehouse Inventory - Baker Lot, *February 2008*
- Parish Attorney's Office Adjudications and Condemnations Review, *March 2008*
- Cell Phone Committee
- Dr. Martin Luther King, Jr. Community Center Supply Expense Review, *September 2008*
- City Constable Garnishments Review, *December 2008*
- Fueltrac Review, *ongoing*

Annual Assistance to Outside Audit Firm

- Payroll Testing



Office Operations

Professional Certification

In the Auditing Division, there are ten Certified Public Accountants, three 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
Association of Local Government Auditors
Louisiana Association of Tax Administrators*

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

Audit Committee

In 2008, the Audit Committee was comprised of:

*Chairman Walter Monsour, City-Parish Chief Administrative Officer
Joe Greco, Mayor-President Pro-Tempore
Marsha Hanlon, Finance Director
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.

Auditing Division Staff

Name	Position
<u>Administration</u>	
Carol Marcantel, CPA	Auditing Manager
Robyn Heap, CPA	Assistant Manager - Revenue Auditing
Cindy Kleinpeter, CFE, CIA, CPA	Assistant Manager - Internal Auditing
Pam Peltier	Senior Administrative Specialist
<u>Audit Research & Selection</u>	
Corinna Chang, CFE, CPA	Chief Auditor
Mary Hirezi-Harb, CIA, CPA, CTE	Senior Auditor
Barbara Dotie	Revenue Inspector
Leah Bland	Student Intern
Phillip Cerniglia	Student Intern
Gordon Davis	Student Intern
Anthony Drummond	Student Intern
<u>Internal Audit</u>	
Barbara Baughman	Auditor
Jennifer Bernard	Auditor
Andrea George	Auditor
Marie Cenac	Student Intern
<u>Revenue Audit</u>	
Charlotte Morris	Chief Auditor
Carolyn Winding, CPA	Chief Auditor
Mary Alford	Senior Auditor
Ory Keller	Senior Auditor
Amy McDaniel, CPA, CTE	Senior Auditor
Rise Patin, CPA Inactive	Senior Auditor
Travis Bourgeois	Auditor
Dave Campagna, CTE	Auditor
Natasha Castle	Auditor
Janet DeLaune	Auditor
Rheonda Leary	Auditor
Kem Marshburn	Auditor
Ken Ridgdell, CPA Inactive	Auditor
Mary Sutton	Auditor
Brenda Waters, CPA, CIA, CMA	Auditor