



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

Auditing Division 2005 Annual Report

This is a summary of the activities and accomplishments of the Auditing Division for the year ended December 31, 2005. 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, Zachary, and Central.

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 2005 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 leadership and support.

Mike Hill

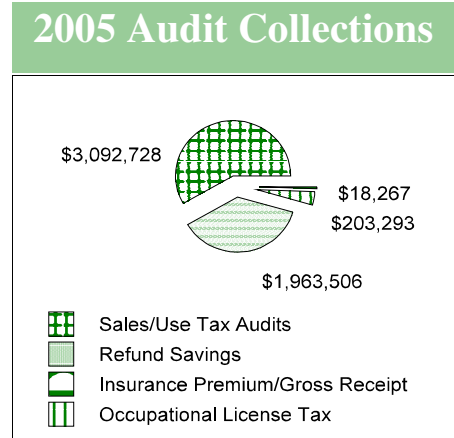
Mike Hill
Auditing Manager

Revenue Audit

In 2005, the Revenue Audit staff's total collections and refund savings were **\$5,278,000**. This was the **fifth highest** annual collection amount in the Auditing Division's twenty-five year history of auditing sales taxes.

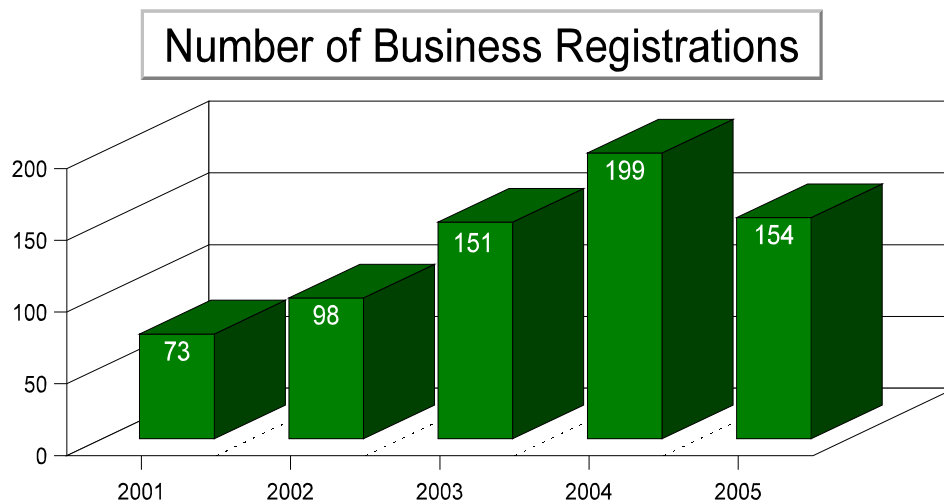
Other tasks and/or special projects performed by the Revenue Audit staff include the following:

- Worked with the Louisiana Association of Tax Administrators (LATA) to support the interest of local governments in the collection and administration of sales tax. 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.
- Worked with the Chamber of Commerce to rewrite the Enterprise Zone Contract to simplify the reporting requirements.
- Monitored river boat casino boardings and revenues paid to the City-Parish. The two river boats boarded over 3,061,557 passengers and paid fees of \$7,653,893 in 2005.



Audit Research and Selection

Of the \$5,278,000 total collections, the Audit Research and Selection Section (ARS) collected **\$1,091,000** during 2005. ARS staff also contacted **600** businesses and registered **154** 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 2005 identified over one million dollars in potential revenues.

Some of the 2005 audits and special projects were performed to verify that:

- ✓ 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.

2005 Audits

- Sales Tax Distribution Audit
- Audit Follow-Up Reviews 2004 - 2005
- Procurement Card Audit
- Constable Evidence Testing Program
- Library Cash Counts

Special Projects

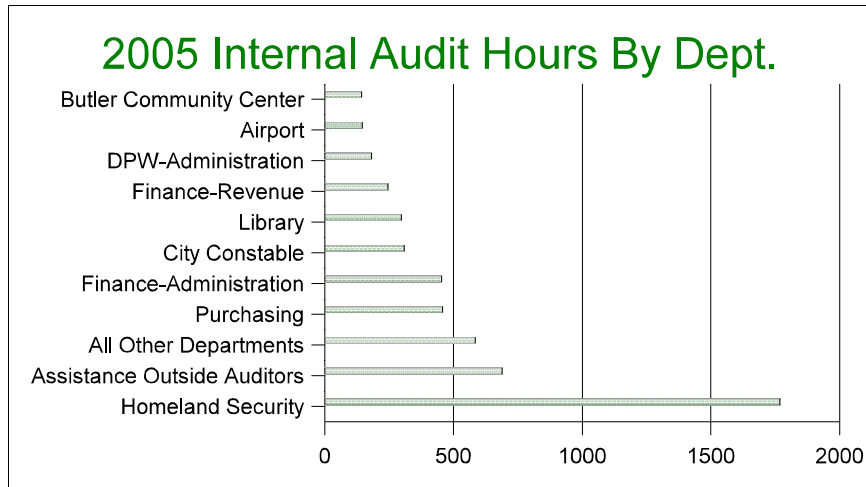
- Federal Emergency Management Reimbursement Coordination
- Airport - Budget Rent-A-Car
- Centroplex Waiver Policy
- City Court Bond Refunds
- Leo S. Butler Community Center
- Auditor Selection RFP
- Finance Department - Continuity of Operations Plan
- Baker and Zachary Vehicle Tax Distribution
- Unemployment Insurance Payments
- Analysis of DPW Sewer Contracts

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 for all Finance Department divisions



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 and 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 2005, the Audit Committee was comprised of:

Chairman Walter Monsour, City-Parish Chief Administrative Officer
Joe Greco, Mayor-President Pro-Tempore
David Medlin, 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.