

Plaquemines Parish Government

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Council Members

District 1 - Tyronne Edwards
District 2 - Brian Champagne
District 3 - Christopher "Chris" Schulz
District 4 - Dr. Stuart J Guey, Jr.
District 5 - Patricia L. "Patty" McCarty
District 6 - Lloyd "Ronnie" Newsom, Jr.
District 7 - Carlton M LaFrance Sr.
District 8 - Mitch Jurisich, Jr.
District 9 - Mark "Hobbo" Cognevich

MEMORANDUM

To: Council Member Mr. Christopher "Chris" Schulz
Chair - Audit Committee Member

Date: October 2, 2024

Council Member Mr. Lloyd "Ronnie" Newsom, Jr.
Audit Committee Member

Council Member Mr. Mitch Jurisich, Jr.
Audit Committee Member

From: Randy A. Duke, C.P.A., CIA, CIGA
Chief Internal Auditor

Re: Plaquemines Parish Government (PPG)
Internal Audit of the PPG's Purchasing and Travel Card Usage
Internal Audit Project No. 2024-05

Attached is the internal audit report on the PPG Purchasing and Travel Card Usage. This internal audit report details the internal audit objectives, scope, methodology, audit analysis and information and provides the internal auditor's findings, observations, recommendations, and conclusions.

I would like to express our appreciation for the audit assistance and cooperation received from Ms. Crystal Taylor, Director of Administration, Purchasing and the Finance department.

cc: Mr. Keith Hinkley, Parish President, Ms. Crystal Taylor, Director of Administration.

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Plaquemines Parish Government Purchasing and Travel Card Usage

Internal Audit Report
Internal Audit Project No. 2024-05

Randy A. Duke, CPA, CIA, CIGA
Chief Internal Auditor
Internal Audit Department

PLAQUEMINES PARISH GOVERNMENT

PURCHASING AND TRAVEL CARD USAGE

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EXECUTIVE SUMMARY

This executive summary represents the results of our internal audit work on the PPG’s Purchasing and Travel Card Usage.

Our objectives were as follows:

Objectives
➤ To verify that the PPG’s Purchasing and Travel Card expenses are supported by sufficient documentation;
➤ To verify that the PPG’s Purchasing and Travel Cards are safeguarded;
➤ To verify compliance with the PPG’s Purchasing and Travel Card Policies and Procedures;
➤ Consider compliance with LLA Best Practice;
➤ To address the risk level for fraud, waste, and abuse; and
➤ To make recommendations to improve the internal controls.

Internal Audit Conclusions
✓ PPG Management should have written and approved Policy and Procedures (Internal Controls) over PPG Purchasing and Travel Cards, as stated in <u>Observation # 1.</u>
✓ There is a medium risk of fraud, waste and abuse within this process. <u>Observation # 2.</u>

Observations

Observation # 1 - PPG Purchasing and Travel Card Policies and Procedures

Condition: PPG Management states - There are no written and approved PPG Purchasing and Travel Card Usage Policies and Procedures (Internal Controls) in place.

Responsibility for Action: Ms. Crystal Taylor, Director of Administration

Recommendation/Comments: Refer to Section V - Audit Information and Analysis under the Louisiana Legislative Auditor **(LLA) Best Practice** for Purchasing and Travel Credit Card guidelines for writing a PPG Purchasing and Travel Card Usage policy and procedures manual.

Management Response: The Administration does not currently have an approved purchasing and travel card usage policy. However, they are in the process of drafting a new PPG Purchasing and Travel Card Usage Policies and Procedures document.

Observation # 2 - Review of the Purchasing and Travel Card Transactions Supporting Documents

Conditions: During the review of (12) twelve months of the PPG Purchasing and Travel Card Usage transaction supporting documents, received for management, the auditor noted the following:

Control Instances:¹

- The business purpose was not clearly documented.
- The name of the meal meeting participants were not documented.
- The meal tip was more than 20%.
- The expense form and documentation were not separately reviewed and approved.
- The expense form had no authorizing signatures.
- Missing detailed receipt.

Recommendation/Comments: Management should ensure that internal controls are put in place to mitigate the control issues as stated above.

¹ Please refer to the Section V of this report under Audit Information and Analysis Table # 1 page 10, for the Internal Control Instances detail.

Responsibility for Action: Ms. Crystal Taylor, Director of Administration.

Management Response: The Administration will follow the recommendation as stated by the Internal Auditor.

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INTERNAL AUDIT REPORT

I. Audit Initiation

In accordance with the Plaquemines Parish Government Audit Charter and the approved Internal Audit Department's annual audit plan for 2024, I have performed the following Internal Audit of the PPG's Purchasing and Travel Cards.

II. Audit Background

Table # 1 PPG is using the following Purchasing and Travel Cards

PPG Purchasing and Travel Card Listing			
In Possession			
Card #	Description	Employee/Entity	User
471575-0375	Individual	Brenda Stanifer	Purchasing
471575-2713	Individual	Keith Hinkley	Parish President
471575-5368	Super Corporate	Plaquemines Parish Government	Various
471375-5629	Corporate	Plaquemines Parish Government	Various

III. Audit Planning

Planning
➤ Determine the audit objectives, scope, and methodology.
➤ Obtain the PPG’s Purchasing and Travel Card policies and procedures.
➤ Obtain a list of all PPG’s Purchasing and Travel Cards and their locations.
➤ Brainstorm the possible PPG’s Purchasing and Travel Card risks. (What can go wrong)
➤ Obtain the PPG’s Trial Balance, Transaction Reports, monthly credit, and travel card statements and other supporting documentation for the period of January 1, through December 31, 2023.
➤ Obtain the Louisiana Legislative Auditor (LLA) Purchasing and Travel Card best practices.

IV. Audit Objectives, Scope, and Methodology

Our objectives were as follows:

Objectives
➤ To verify that the PPG’s Purchasing and Travel Card expenses are supported by sufficient documentation;
➤ To verify that the PPGs Purchasing and Travel Cards are safeguarded;
➤ To verify compliance with the PPG’s Purchasing and Travel Card Policies and Procedures;
➤ Consider compliance with LLA Best Practice;
➤ To address the risk level for fraud, waste, and abuse; and
➤ To make recommendations to improve the internal controls.

Scope
➤ The internal audit period was from January 1, 2023 through December 31, 2023. The auditor reviewed (12) twelve months of Purchasing and Travel Card expense data received from management.
➤ In addition, the scope of the internal audit included the consideration of systems, records, personnel, physical properties, and other information necessary to achieve the internal audit objectives. During the planning of this internal audit, I reviewed the possibility of fraud, waste, and abuse of public funds.

Methodology

- Examine (12) twelve months of Purchasing and Travel Card expense data received from management;
- Verify that the PPG's Purchasing and Travel Cards are safeguarded;
- Verify compliance with the PPG's Purchasing and Travel Card Policy and Procedures;
- Check compliance Louisiana Legislative Auditor (LLA) Best Practice for Purchasing and Travel Card Usage;
- Determine the level of fraud, waste, and abuse; and
- Recommend internal control improvements.

Documents Reviewed

- PPG's Purchasing and Travel Card expense data and supporting documents;
- PPG's listing of Purchasing and Travel Cards and their locations; and
- LLA Best Practice.

V. Audit Information and Analysis

Louisiana Legislative Auditor ("LLA") Best Practices for Credit Card Purchases and Travel

Credit Cards

- ❖ Whenever credit cards are used, they usually involve abuse and/or lack of adequate documentation to support the charges. Therefore, using credit cards is a risk factor that could provide opportunities for management or employees to misappropriate assets.

- ❖ **The credit card statement alone is not adequate documentation** as it does not provide enough detail to support the propriety of the charges.

For charges other than for gasoline, **the credit card charge tickets are not adequate documentation as they do not provide enough detail to support the charge.**

- ❖ For example, credit card charge tickets for meals do not allow for verification of the number of meals purchased and the propriety of the charges. Therefore, the **detailed meal receipt should be submitted for supporting documentation.**

- ❖ Does the entity use credit cards? If so, is there a written policy for using credit cards?

❖ Does management exercise adequate controls over credit card usage?
❖ Are there itemized/detailed receipts and other appropriate documentation for all credit card charges appearing on the monthly statement?
❖ Is the business purpose clearly documented for all charges appearing on the credit card statements, including names of persons participating?

<u>Travel Cards</u>
❖ The travel policy should be adequate to meet the needs of the entity. It should provide specific guidance as to what is allowable relating to business, conference, and seminar travel.
❖ For example, a one or two-page policy that is very general (does not include reimbursement rates for lodging or meals, etc.) would not be adequate.
❖ For those entities that require a comprehensive travel policy, we suggest that they adopt a detailed travel policy using the State of Louisiana travel policies as a guide.
❖ Travel should be reasonable and done only when necessary and when such travel benefits the entity.
❖ Is there a travel policy?
❖ Is the travel policy adequate to meet the needs of the entity’s employees, including containing specific guidance as to what is allowable relating to travel for business and conferences?
❖ Are standardized expense reports for reimbursement prepared and do they include all appropriate documentation (itemized receipts, registration forms, conference brochures, mileage logs, et cetera) supporting the business nature of the expenditures?

Purchasing and Travel Card Policies and Procedure

There were no written and approved Purchasing and Travel Card Policies and Procedures (Internal Controls) in place.

Sample review of PPG Purchasing and Travel Usage

The auditor reviewed (12) twelve months of PPG Purchasing and Travel Usage transaction expenses and supporting documents and noted the following:

Table # 1 Purchasing and Travel Usage Internal Controls

Expense Report # ²	Month	Internal Control Issues
1	November 2023	The expense form and documentation were not separately reviewed and approved. The meal tip was over 20%.
2	December 2023	The business purpose was not clearly documented. The expense form and documentation were not separately reviewed and approved. The name of the meal meeting participants were not documented. The meal tip was over 20%.
3	October 2023	The business purpose was not clearly documented. The expense form and documentation were not separately reviewed and approved. The name of the meal meeting participants were not documented.
4	September 2023	The business purpose was not clearly documented. The expense form and documentation were not separately reviewed and approved. The name of the meal meeting participants were not documented. Missing receipts.
5	July 2023	No issues
6	June 2023	The expense form and documentation were not separately reviewed and approved. The name of the meal meeting participants were not documented. Missing detail receipt (\$81.99). Missing receipt.
7	May 2023	No issues
8	April 2023	The business purpose was not clearly documented. The expense form and documentation were not separately reviewed and approved. The name of the meal meeting participants were not documented.
9	March 2023	The business purpose was not clearly documented.
10	August and September 2023	The business purpose was not clearly documented.
11	March 2023	The business purpose was not clearly documented. The expense form shows no authorizing signatures. The name of the meal meeting participants were not documented.

12	March 2023	The business purpose was not clearly documented. The expense form and documentation were not separately reviewed and approved. The name of the meal meeting participants were not documented.
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VI. Internal Audit Professional Standards

The audit was conducted in accordance with the Institute of Internal Auditor's Standards for the Professional Practice of Internal Auditing, (the Red Book).