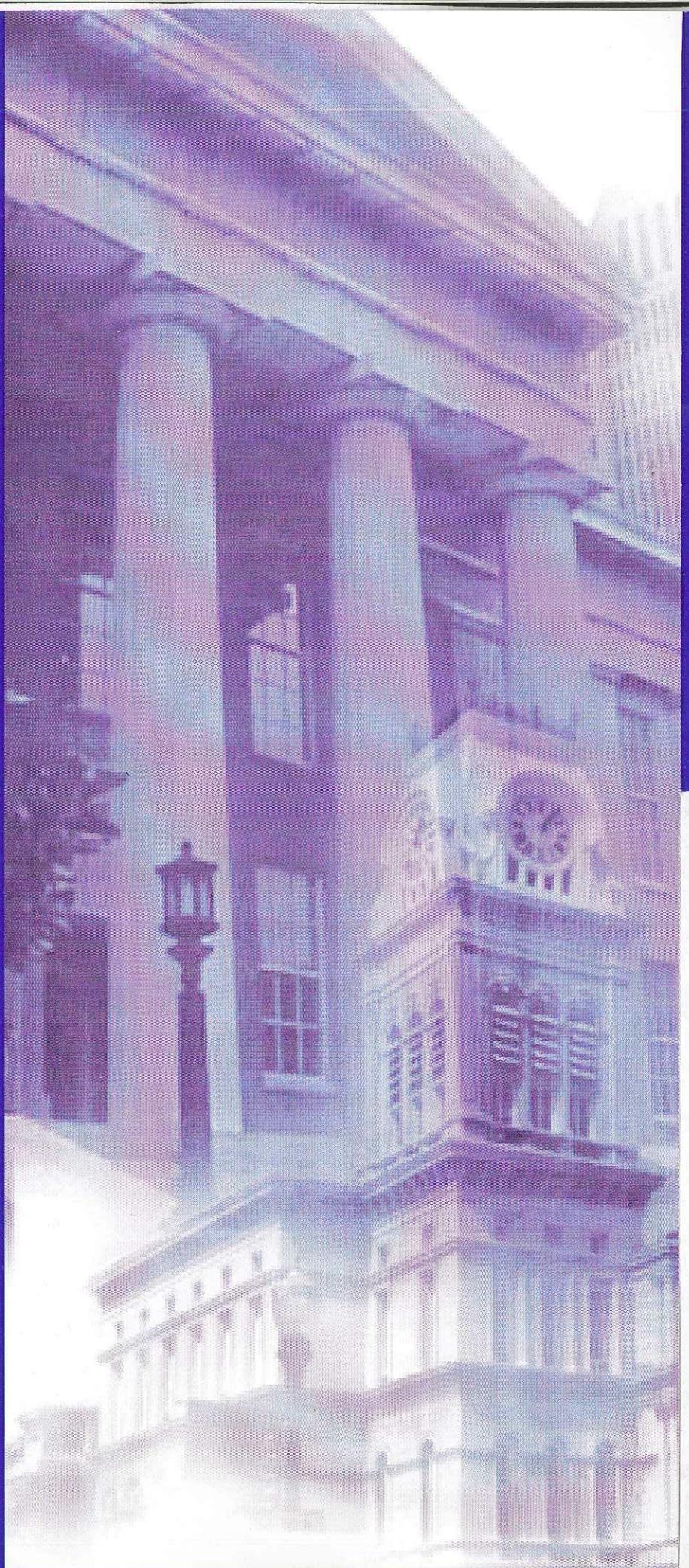




Greg Fischer
Mayor

Louisville Metro Council

The Office of Internal
Audit provides independent,
objective assurance and
consulting services
that adds value to and
improves Louisville
Metro Government.



Office of Internal Audit

2011 Annual Report of Activities

Annual Report

Office of Internal Audit

2011 Annual Report of Activities

January 2012



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OFFICE OF INTERNAL AUDIT
LOUISVILLE, KENTUCKY

GREG FISCHER
MAYOR

INGRAM QUICK, CIA, CFE
CHIEF AUDIT EXECUTIVE

JIM KING
PRESIDENT METRO COUNCIL

Transmittal Letter

January 30, 2012

The Honorable Greg Fischer
Mayor of Louisville Metro
Louisville Metro Hall
Louisville, KY 40202

Subject: 2011 Annual Report of Activities

Introduction

Enclosed is the 2011 Annual Report of Activities for the Office of Internal Audit. This summarizes the internal audit services provided during the calendar year. The Office of Internal Audit's Charter (LMCO §30.39) requires the presentation of this report within 30 days of the calendar year-end.

Highlights

Calendar year 2011 saw a continuation of the challenges encountered in previous years. Budgetary constraints and vacant positions were significant issues during the year. Staff turnover, specifically the retirement of the Director of Internal Audit and subsequent transition to a new Director, presented another set of challenges. We have been able to effectively manage the challenges and seize upon the opportunities presented. We remain committed to providing internal auditing services that assist Louisville Metro Government in being responsive, transparent and accountable to its citizens. Discussion of significant items from this past year follows.

- **Productivity.** Productivity was a significant challenge during 2011 with the number of projects decreasing 31% from the prior year. There were several reasons for this, including staff vacancies, retirements, and the dedication of resources to the Metro Council Neighborhood Development Funds review. Productivity began increasing in the first half of the year as we were fully staffed, and new staff members were gaining more experience with the Office of Internal Audit. The second half of the year was more challenging as the Director retired which resulted in a staff vacancy. Since the Office of Internal Audit has an authorized staff of eight, each vacancy is critical.

Therefore, we anticipate filling the position prior to the end of the fiscal year. We are committed to managing these challenges and will continue actions to enhance productivity.

In 2011, staff time charged to audit projects was 70.8% of the available staff time, which was a slight improvement from the prior year. We made some progress in our efforts to dedicate more resources to audit projects, but the staff turnover impacted the need to dedicate additional resources to administrative tasks. We will continue efforts to enhance staff capacity so that the productivity rate increases for individual staff members.

- **Staff Professionalism.** Professional internal auditing certifications demonstrate the commitment and professionalism of the staff. Three of seven staff are Certified Internal Auditors and four staff are pursuing the designation; two staff are Certified Fraud Examiners. In addition, two of the seven staff members have Master's of Business Administration degrees and one is pursuing a Master's of Public Administration degree.

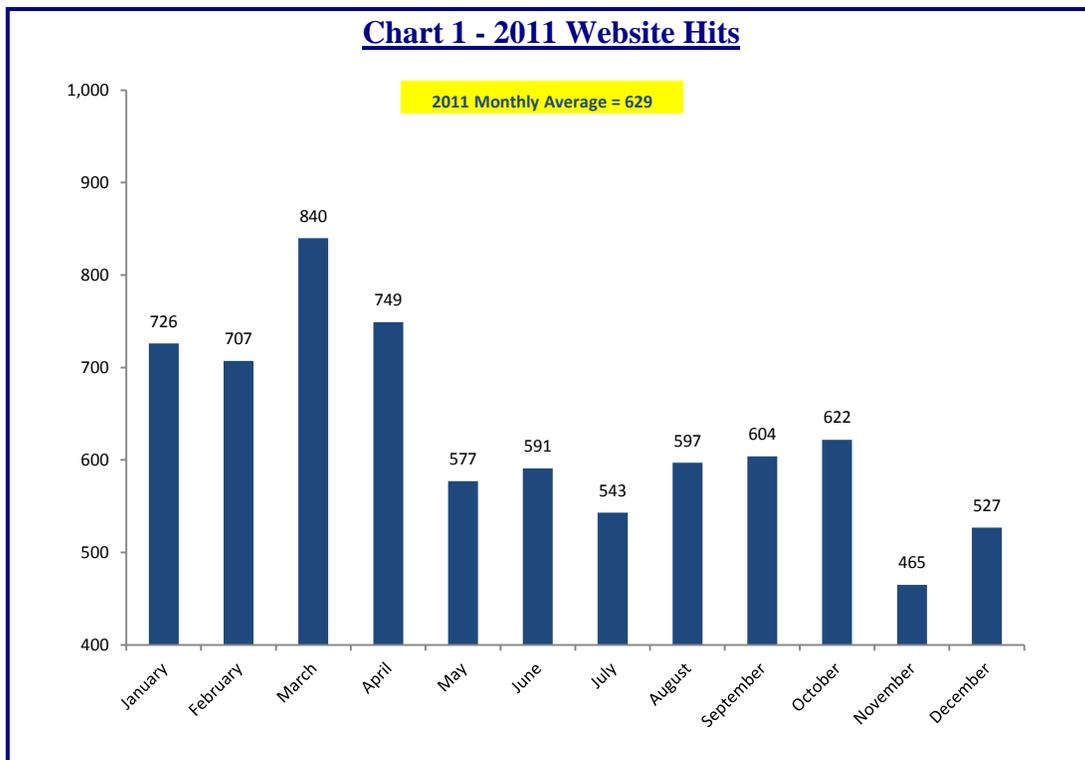
Staff members demonstrate their professionalism and commitment to Louisville Metro Government and the internal auditing profession through leadership roles in local professional organizations. One member served as an Officer of the Kentucky Chapter of the Association of Certified Fraud Examiners; and two members serve on the Board of the Louisville Chapter of the Institute of Internal Auditors.

The Office of Internal Audit is committed to professional development and continuous learning for staff. Professional internal auditing standards require forty hours of training every year. For fiscal year 2011, all staff fulfilled the training requirements. We strive to meet the professional standards requirement and are committed to leveraging our resources to obtain training that is most beneficial to Louisville Metro Government.

- **Ethics Tipline.** The Office of Internal Audit is responsible for the administration of the tipline, including preparing monthly activity reports and updating the public website. In addition, the Office of Internal Audit acts as case manager and / or case investigator for tipline incidents when requested by the other Louisville Metro partners (e.g., Human Resources or Louisville Metro Police Department). A report of Ethics Tipline activity for calendar year 2011 is being prepared separately from this report.
- **Value Added Activities.** We continue to focus on providing value-added activities, primarily through our consulting core service. These activities are beneficial to our clients, especially as they reengineer practices or develop new processes and procedures. Many of these projects do not require a substantial investment of our resources (i.e., staff hours), which helps maximize the value of the service.
- **Risk Based Audit Plan.** We continue to revise the audit planning process. This continues our movement into more of a risk centric focus, with enterprise risk management as the underlying principle. Additional audit units are included so that a more comprehensive audit plan is developed, while ensuring adequate coverage through coordination with accountability partners (e.g., external auditors). This

supports our efforts to dedicate resources to Governance, Risk, and Compliance activities that are aligned with Louisville Metro’s strategic initiatives.

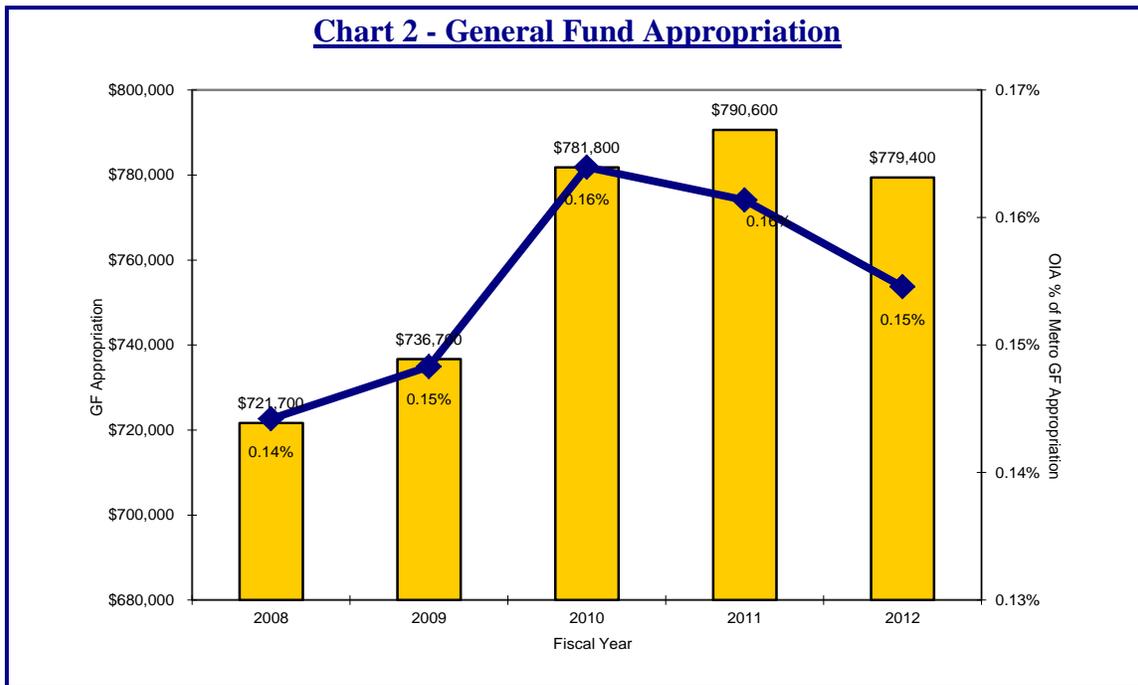
- **Information Technology Audits.** The use of an information technology audit consultant continues to be beneficial. This allows us to perform highly technical projects for which we do not possess the skills internally. These audit projects are critical since Louisville Metro Government continues to become more dependent and reliant on technology to deliver services. Due to client capacity issues and budgetary considerations, the goal is to perform at least three information technology projects annually.
- **Accountability and Transparency.** Citizens’ confidence in local government is enhanced by accountability and transparency in its services and programs. According to Government Auditing Standards, auditing is essential to government accountability to the public. Our services assist in providing accountability and transparency. Results of audits are routinely posted on our website (www.louisvilleky.gov/InternalAudit/) so that information is readily available to more citizens. In 2011, our website averaged 629 hits per month. The monthly activity is illustrated in Chart 1.



- **Quality Assurance and Improvement Program.** Quality assurance is critical in ensuring that professional internal auditing services are provided. Our quality assurance and improvement program is a critical component of our operations, and is built into every project. We continuously update our policies and procedures to incorporate opportunities to improve operations. These implementations are monitored to ensure they are effective, and changes made when needed. We continue to be successful in ensuring professional internal auditing standards are adhered to in our projects.

In addition, an external Quality Assessment Review was performed. This review basically answers the question of “who audits the auditors”. The purpose is to ensure our services are performed in accordance with professional internal auditing standards, and to identify opportunities to enhance services. We received a “*Generally Conforms to Standards*” rating, which is the highest rating possible. In 2012, we will attempt to address the opportunities for enhancing services identified in the review.

- Financial Resources.** The budgetary challenges carried forward into the first half of the calendar year. However, for the second half of the year, we were fully funded for current staffing levels as well as for the IT Audit Core Service. We remain committed to fulfilling our public stewardship responsibilities by operating within budgeted financial resources. Chart 2 depicts our annual General Fund appropriation for the last five fiscal years. It also shows our percentage of Louisville Metro Government’s total annual General Fund appropriation. The appropriation for Fiscal Year 2012 includes funding for the Ethics Tipline (\$28,000), funding for the external quality assessment review (\$25,000), and full funding for the IT Audit Core Service (\$45,000).



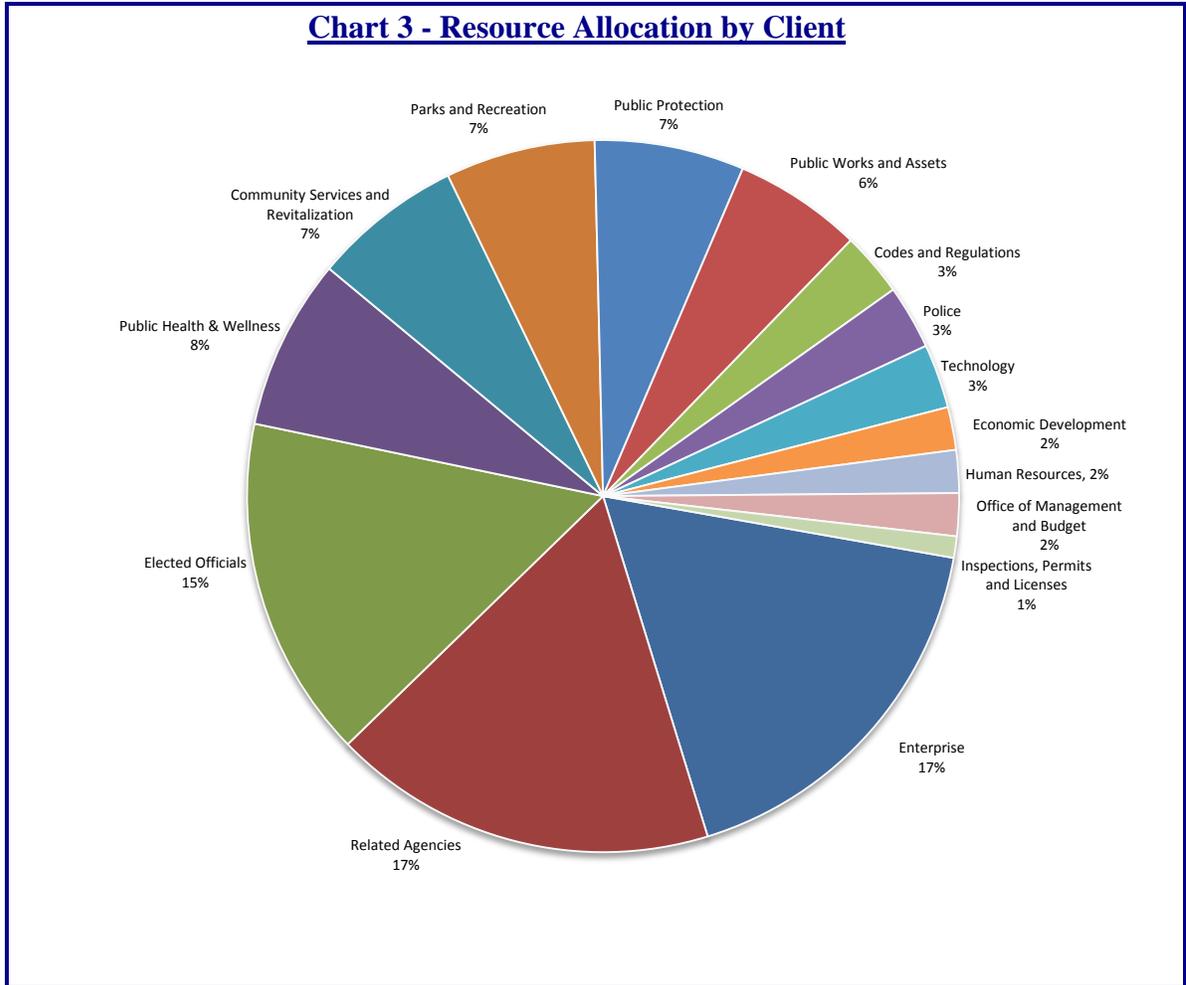
Resource Allocation

The following information is provided to show the use of our resources during the year. This provides a general overview only and is not completely representative of the activities. For example, information technology audit projects require a substantial amount of financial resources since an external consultant perform the majority of the work. This is not completely reflected in the following analyses. Also, due to its nature, the true impact of internal auditing services is difficult to quantify. Recognizing these limitations, we will continue monitoring and adjusting our activities to ensure resources are allocated appropriately.

- **Core Services.** Resource allocation by core service is represented in Table 1. Please note that analyses using project hours can be misleading, especially for IT audit services. These services are cosourced, so minimal staff hours are needed for the projects, but monetary resources are used to compensate the consultant. In addition, the resources needed for assurance and integrity services are much greater than consulting services. Therefore, the total hours will be higher but the total number of projects lower than consulting services.

Table 1 – Resource Allocation by Core Service			
Core Service	Type of Project	Number of Projects	Total Hours
Assurance		14	3,344
	Capital Projects	1	221
	Compliance	2	580
	Expenditures	2	393
	Operational	9	2,150
Consulting		69	1,279
	Advice and Information	45	344
	Consultation	21	844
	Education	1	10
	Training	2	81
Information Technology		3	132
	IT Technical	3	132
Integrity		17	4,270
	Advice and Information	1	20
	Fraud Detection Best Practices	3	293
	Special Investigations	13	3,957
	Grand Total	103	9,025

- Clients Served.** Resource allocation by clients (i.e., Louisville Metro Agency or Enterprise if applicable to the entire organization) is presented in Chart 3. This allocation is based on the number of projects only. This demonstrates our efforts to maximize service coverage by providing internal audit services to a variety of clients and functional areas.



Report Presentation

The Annual Report of Activities begins on page 9. It is sorted by Louisville Metro Agency – Department (Division), and then by the project. The status of the project is noted since not all are complete and some are pending actions by other parties. The type of core service provided is noted. A brief definition of these core services is as follows.

- **Assurance.** Reviewing operations, activities, policies, and procedures to ensure that business risks are mitigated through effective internal controls. This core service includes Capital Projects, Compliance, Expenditures, Operational, and Revenue reviews.
- **Consulting.** Providing services to help address specific issues and concerns. These issues may not necessarily be high-risk areas but add significant value to clients. Overall, these efforts do not require a substantial investment of our resources (a minimum of one hour is charged) which helps maximize the value of the service. This core service includes Advice and Information, Consultation, Committees, and Education / Training.
- **IT Audit.** Ensuring that information technology controls, primarily security related, are effective. This is achieved with the assistance of an external consultant. This core service includes IT Technical.
- **Integrity.** Investigating allegations regarding employee misconduct and / or non-violent criminal acts involving Louisville Metro government resources. These investigations are in response to situations which require immediate action and a substantial amount of resources. This core service includes Special Investigations and Fraud Detection Best Practices. The administration of Louisville Metro's Ethics Tipline is part of this core service.

Conclusion

We remain focused on our mission of being *the preeminent provider of value-added internal audit services and to continual improvement of our audit process*. Our success would not be possible without the support of the Administration and the Louisville Metro Council, and the cooperation of our clients. If you have any questions, or would like to discuss this report in more detail, please let me know.

Respectfully submitted,



Ingram Quick, CIA, CFE
Chief Audit Executive

cc: Louisville Metro Council Government Accountability and Ethics Committee
Louisville Metro External Auditors
Chief of Staff

Annual Report of Activities

Calendar Year 2011

Area	Status	Issues	Core Service	2011 Hours
Codes and Regulations				
Cashier Process - Change	Complete	Consulted regarding cashier practice of not giving change for cash transactions.	Consulting	5
Conflict of Interest	Complete	Provided advice and guidance regarding acceptance of gifts and recognition of committee work. Suggested contacting Human Resources - if activity involved Metro employees can get official guidance from HR; if activity involved Metro Officers can get opinion from Ethics Commission via HR.	Consulting	1
Employee Misconduct	Complete	Discussed corrective action taken in regards to inspector not performing duties properly. Based on information provided by Codes and Regulations, it appears the corrective action was adequate (employee suspension) and the issue was not systemic.	Consulting	1
Community Services and Revitalization				
Fixed Assets and Cash Management Policies	Complete	Executive Administrator contacted OIA and inquired about Metro's fixed assets and cash management policies which were referenced in the Public Works' Land Management audit. OIA provided the Executive Administrator with the needed information.	Consulting	1
Management Review	Complete	Provided information to assist in management review of department. Information provided included OIA services involving Community Services and Revitalization since merger.	Consulting	1

Area	Status	Issues	Core Service	2011 Hours
Management Review	Ongoing	Assisting in Management Review of Community Services and Revitalization. A Review Committee is performing a top to bottom review of all aspects of the operation, management, and performance of Community Services and Revitalization.	Consulting	10
Project One - Green Team Payments	Complete	Reviewed Project One request for reimbursement of administrative expenses associated with payments to 2010 Green Team participants. Memorandum Of Understanding (MOU) does not allow for payment of administrative expenses so cannot be honored. Advised that MOU needs to be amended if want to process the reimbursement.	Consulting	1
Ramp Program (County Community Development)	Ongoing	Monitored status of case referred to Public Integrity Unit (PIU) for determination of criminal activity (5/23/05). As part of annual followup, County Attorney provided documentation indicating the suit was dismissed.	Integrity	1
Southern Star Development Corp Grant	Complete	At the request of Community Services and Revitalization, OIA reviewed activity associated with grant. It could not be determined if the FY2009 grant was used as intended due to a lack of documentation. Overall the FY2010 grant was in compliance with the grant agreement terms and funds were used as intended but there were some compliance exceptions noted.	Integrity	332

Area	Status	Issues	Core Service	2011 Hours
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Community Services and Revitalization - Community Action Partnership

Complaint from Department for Aging and Independent Living	Complete	Reviewed complaint from Department for Aging and Independent Living (DAIL) regarding certain Community Action Partnership's programs, including nutrition services. Kentuckiana Regional Planning and Development Agency responded to complaint letter indicating that there was no merit to complaints involving nutrition services.	Consulting	3
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Economic Development

Conflict of Interest	Complete	Discussed potential conflict of interest involving family member of employee bidding on Metro contract.	Consulting	1
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Economic Development - PARC

Riverside Garage	Complete	OIA received email tip alleging fraudulent overcharge activity by cashier at PARC Riverside Garage. OIA inquired with PARC administration and determined activity was appropriate. Due to special event, pricing was predetermined and at a higher rate than normal PARC rates.	Consulting	1
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Elected Officials - Mayor's Office

Contingency Fund Forms	Complete	Reviewed Contingency Fund form (Compliance form and Request for Funds form) for completeness.	Consulting	2
Financial Operations	Complete	Custodial Assets - Monitoring and Tracking Documentation. Procurement - Public Purpose. Payroll Activity - Prior Period Adjustments.	Assurance	207

Area	Status	Issues	Core Service	2011 Hours
Elected Officials - Metro Council				
Advertisements on Giveaway Items	Complete	Consulted Council member regarding personal advertisements on giveaway items. OIA advised public purpose should be sufficiently documented and request the opinion of the Ethics Commission.	Consulting	1
Ethics Tipline	Complete	Advised Metro Council employee of the procedures of taking a complaint through the tipline to how it is handled in Metro Government.	Consulting	2
Financial Impact Statement - Benefits	Complete	Provided information regarding preparation of financial impact statement for potential action involving benefits for domestic partners.	Consulting	1
Neighborhood Development Funds	Ongoing	Metro Council requested a review of all of Metro Council's Neighborhood Development Funds grants. The primary focus is determining if grant funds were used as intended.	Integrity	3457
Policies and Procedures	Complete	Provided the Governmental Accountability and Ethics Committee of Metro Council with a list of potential consulting firms capable of performing a review of their current policies and procedures.	Consulting	7
Public Audit Firms	Complete	Discussed resources for identifying public accounting firms to provide services for small city within council district. This was not related to Metro funds so no action was required.	Consulting	1
Public Purpose / Use of Funds	Complete	Discussed use of district operating funds for purchase of tickets to an event. OIA advised to request the opinion of the Ethics Commission.	Consulting	2

Area	Status	Issues	Core Service	2011 Hours
Standards of Ethical Conduct / Code of Ethics	Complete	Discussed applicability of Standards of Ethical Conduct and relationship with Code of Ethics with Council personnel. Provided information regarding applicability and Ethics Tipline.	Consulting	1
Supplier Activity	Complete	Discussed history of applicant for NDF grant. OIA was not familiar with applicant, but was able to locate information to determine Metro source of prior funding.	Consulting	1
Use of Funds	Complete	Discussed appropriateness of using district operating funds to reimburse staff employees for parking expenses at City Hall. OIA advised to document public purpose and seek opinion from Ethics Commission .	Consulting	2
Use of Funds	Complete	As part of transition to new Council member, OIA performed cursory review of financial activity associated with District 25 (office, NDF, CIF). No significant issues were identified.	Consulting	16
Use of Funds	Complete	As part of transition to new Council member, OIA performed cursory review of financial activity associated with District 1 (office, NDF, CIF). No significant issues were identified.	Consulting	8
Use of Resources	Complete	Discussed appropriateness of Council personnel involvement in program administered by outside entity.	Consulting	1
Web Hosting Site	Complete	Discussed the use of an external website to provide additional communication features not offered on Louisville Metro Government's website. IA informed the Council member that all requests for advisements should be submitted to the Ethics Commission.	Consulting	3

Area	Status	Issues	Core Service	2011 Hours
Enterprise				
Audit Follow-up (July 2009 - June 2010)	Complete	Follow-up of audit issues, involving 35 projects at 16 departments and a total of 64 issues. Of these issues, 39 were carried forward from the prior year.	Assurance	154
Business Office Knowledge, Skills, Abilities	Complete	Customized self assessment tool for Business Office staff in partnership with OMB personnel. Assessment of business office competencies supportive of OMB response to 2009 Single Audit issue regarding required education/experience criteria for Business Managers and mandatory training.	Consulting	32
Ethics Tipline - Administration	Complete	Provided ongoing support and guidance to Ethics Tipline case managers and investigators. This included acting as liaison with 3rd party provider for technical support and resolution of other issues. This project is for administration only, monthly reporting and investigations are recorded separately.	Integrity	50
Ethics Tipline - Annual Report	Complete	Prepared annual report of Ethics Tipline activity.	Integrity	92
Ethics Tipline - Monthly Reports	Complete	Prepared monthly reports of Ethics Tipline activity as required by ordinance. These reports are distributed and posted to website.	Integrity	150
Ethics Tipline #114554983	Complete	Discussed results and possible corrective actions for Ethics Tipline incident #11454983. The original incident was not investigated by the Office of Internal Audit.	Consulting	1
Ethics Tipline #114673024	Complete	Investigated Ethics Tipline incident #114673024. The investigation did not produce any evidence to substantiate the allegation.	Integrity	6

Area	Status	Issues	Core Service	2011 Hours
Ethics Tipline #114751734	Complete	Investigated Ethics Tipline incident #114751734. The investigation did not produce any evidence to substantiate the allegation.	Integrity	8
Ethics Tipline #114754028	Complete	Investigated Ethics Tipline incident #114754028. The investigation did not produce any evidence to substantiate the allegation.	Integrity	11
Ethics Tipline #114822914 & 114823050	Complete	Investigated Ethics Tipline incidents #114822914 & 114823050 collectively since both involved similar incidents. The investigation did not produce any evidence to substantiate the allegation.	Integrity	9
Ethics Tipline #115045482	Ongoing	Integrity investigation.	Integrity	5
Ethics Tipline #115055180	Complete	Investigated Ethics Tipline incident #115055180. The investigation resulted in corrective action being taken.	Integrity	66
KRS Start Implementation Group	Complete	Participated in meetings related to the implementation of the new KRS Start Program. KRS is electronically capturing employment and wage information from the monthly detail report, which will eliminate the use of several forms that KRS has historically had employers complete.	Consulting	15
Payroll Review - 2010	Complete	Manual Leave Tracking - Leave balances for Louisville Metro Fire Department employees are manually maintained by Fire personnel. Pay Adjustments - Several cases were noted where the expected payment to the employee differed from the actual payment by Louisville Metro.	Assurance	340
Payroll Review - 2011	Ongoing	Review of calendar year 2011 payroll activity.	Assurance	52

Area	Status	Issues	Core Service	2011 Hours
PeopleSoft Users Group	Ongoing	Participated in biweekly Users Group meetings throughout year.	Consulting	26
Standards of Ethical Conduct Training	Complete	Facilitated 16 Standards of Ethical Conduct training courses for approximately 350 Louisville Metro employees throughout the year. This is a partnership with Human Resources training division.	Consulting	80
Supervisor Enhancement and Development (SEAD)	Complete	Present overview for Supervisor Enhancement and Development (SEAD) course. Approximately 20 Metro managers attend each session, approximately 1 session every other month.	Consulting	10

Human Resources

Financial Operations	Ongoing	Procurement and Payroll Activity	Assurance	323
Kentucky Retirement System Retirement Calculations	Complete	Provided consulting to Human Resources regarding Kentucky Retirement Systems retirement calculations. KRS has discontinued this process and now puts the responsibility on the employer. Advised HR not to change their current process of confirming actual information as it is listed in the PeopleSoft system.	Consulting	4

Inspections, Permits and Licenses

Permit Refunds / Escrow Accounts	Complete	Consulted regarding refund policy as well as feasibility of establishing escrow accounts for contractors. Goal is to reduce the administrative workload associated with Contractors' overpaying for permits. Reviewed proposed policy and followed-up to determine if progress had been made.	Consulting	40
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Area	Status	Issues	Core Service	2011 Hours
Office of Management and Budget				
Financial Operations	Complete	Procurement - Documented Internal Policies and Procedures. Payroll Activity - Timecard Report Signatures.	Assurance	376
Privileges Monitoring	Complete	OMB requested consultation service to review and verify the net billings receipts that TARC forwards to Metro (privilege receipts). The objective was to verify that the proper amounts are being remitted to Louisville Metro Government.	Consulting	100
Parks and Recreation				
Business Card Usage	Complete	Business card transactions were analyzed to identify inappropriate activity. OIA determined transactions were appropriate and no further action was necessary.	Integrity	29
Conflict of Interest	Complete	Discussed potential conflict of interest involving a candidate for a position within Parks.	Consulting	1
Davis Bacon Monitoring Procedures	Complete	Provided and discussed information regarding Davis Bacon monitoring procedures previously reviewed in another department.	Consulting	2
Donations	Complete	Volunteer Coordinator requested assistance with process for handling of donated funds for volunteer program.	Consulting	2
Employee Compensation for Conference Presentation	Complete	Discussed appropriateness of employee receiving compensation for presenting at a professional conference while using paid leave time from Louisville Metro.	Consulting	1

Area	Status	Issues	Core Service	2011 Hours
Management Review	Complete	Provided information to assist in management review of department. Provided information related to OIA services involving Metro Parks since merger.	Consulting	1
Management Review	Ongoing	Assisting in Management Review of Metro Parks. A Review Committee is performing a top to bottom review of all aspects of the operation, management, and performance of Metro Parks and Recreation.	Consulting	76
Police				
Conflict of Interest	Complete	Discussed potential conflict of interest involving the procurement of goods / services from an individual assigned to Narcotics via Sheriff's Office.	Consulting	1
Court Pay	Ongoing	At the request of LMPD, consulted regarding possible audit techniques and approaches for Court Pay. OIA will observe the implementation of the e-subpoena system and provide the necessary recommendations.	Consulting	8
Narcotics Disposal	Complete	Assisted in disposal process of approximately 50,000 pounds of narcotics evidence with no evidentiary value.	Assurance	400
Public Health & Wellness				
Acceptance of Refreshments from Supplier	Complete	Discussed appropriateness of drug representative providing refreshments during training for Health personnel. Personnel receiving training do not have procurement authority.	Consulting	1

Area	Status	Issues	Core Service	2011 Hours
Billing Office - Mishandling of funds	Complete	Discussed situation with Health involving personnel in billing office that altered client's money order for personal use. Charges were filed against the employee. OIA suggested specific information to obtain which would assist in determining the extent of investigation required. It was determined the employee's access was limited so diversion of funds was only opportunity, and this could not be concealed since employee did not have access to system to update account status or issue permits.	Integrity	10
Donation	Complete	Provided information regarding acceptance of donated funds to be used for the WIC Program. Advised on the donations policy and procedures.	Consulting	1
Donations	Complete	Provided information regarding acceptance of donated goods to be used at the TB clinic. Advised on the Donations policy and procedures.	Consulting	1
Financial Operations	Complete	Procurement - Contractual Issues, Payment Timeliness. Payroll Activity - Prior period Adjustments, Timecard Report Signatures, Monitoring of Activity.	Assurance	275
Fiscal Administration	Complete	Discussed concerns regarding off book bank accounts, cash/gift cards, purchasing procedures and process for obtaining access to shared drives. IA provided policy and procedure guidance via email.	Consulting	2
Lead Case Restitution	Complete	Monitored and processed restitution from fraud case. Restitution received is remitted quarterly to the grantor, the Federal Centers for Disease Control (CDC). For CY 2011, a total of \$525 was collected and remitted to the CDC. Balance of restitution is \$8,408.92.	Integrity	20

Area	Status	Issues	Core Service	2011 Hours
MORE Clinic	Complete	Consulted regarding conclusions of internal review performed by Health Department management.	Consulting	10
Public Protection - Animal Services				
Animal Services Controlled Substances	Ongoing	Animal Services requested assistance in reviewing their Controlled Substance Procedures.	Consulting	59
Management Review	Complete	Provided information to assist in management review of department. Information provided included OIA services involving Animal Services since merger.	Consulting	8
Management Review	Complete	Assisted in Management Review of Animal Services. A Review Committee performed a top to bottom review of all aspects of the operation, management, and performance of Metro Animal Services.	Consulting	200
Public Protection - Corrections				
Ex - Offender Program	Ongoing	Integrity review.	Consulting	81
Jail Management System	Ongoing	Participated in supplier demonstrations of potential jail management systems.	Consulting	10
Quarterly Progress Reports	Ongoing	Participated in briefings regarding status of corrective actions to address audit issues.	Consulting	10
Public Protection - Emergency Medical Services				
EMS Controlled Substances Procedures	Complete	EMS requested assistance in reviewing their Controlled Substance Procedures prior to introduction to personnel. OIA provided suggestions and comments.	Consulting	6

Area	Status	Issues	Core Service	2011 Hours
Public Works and Assets				
Allegation of Misconduct	Complete	At request of PWA, met with employee alleging misconduct. Employee stated he was not aware of any misconduct. Therefore, OIA could not investigate. OIA provided information regarding Ethics Tipline.	Integrity	4
Contractor Complaint	Complete	PWA requested review of complaint received from contractor. The complaint was investigated and the allegation could not be substantiated.	Consulting	11
Land Management Process	Complete	Compliance with Right of Way Guidelines. General Administration.	Assurance	502
Management Review	Complete	Provided information to assist in management review of department. Provided information related to OIA services involving PWA for last 2 calendar years.	Consulting	10
Management Review	Complete	Assisted in Management Review of Public Works and Assets. Provided benchmarking information to assist in management review of the department. Compiled statistical and budget information from five regional cities and provided the information to the Public Works Audit Team.	Consulting	293

Public Works and Assets - Solid Waste Management Services

Cash Management	Complete	Discussed cash management procedures and advised on the importance of segregation of duties when collecting cash receipts.	Consulting	2
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Area	Status	Issues	Core Service	2011 Hours
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Related Agencies - Human Relations Commission

Conflict of Interest	Complete	Provided advice regarding potential conflict of interest. Based on information provided, it does not appear that a conflict of interest would result from the HRC employee accepting a volunteer coalition. However, OIA recommended that the employee seek guidance / approval from Human Resources prior to accepting the volunteer position.	Consulting	1
Ethics	Complete	Discussed ethics inquiry regarding source of funds.	Consulting	4

Related Agencies - Library

Capital Projects	Ongoing	Review of Library Capital Project activity.	Assurance	221
Identification of Certified Public Accountant	Complete	Discussed possible Certified Public Accountants (CPA) to assist Library in preparation of State funding application. Different scenarios were suggested.	Consulting	1

Related Agencies - Office of Internal Audit

Annual Quality Assurance Program Review	Complete	Reviewed internal quality assurance program to determine if any changes needed. This is required by government auditing standards. Changes were made as identified during the year, so no changes were necessary. This was done in conjunction with the Annual Report of Activities.	Assurance	10
Annual Report of Activities	Complete	Publication of 2010 Annual Report of Activities for the Office of Internal Audit. This is required by the Charter establishing the office.	Assurance	52

Area	Status	Issues	Core Service	2011 Hours
Automated Workpaper Solution	Ongoing	Explore potential for use of SharePoint as an automated workpaper solution to drive audit efficiency and effectiveness.	Consulting	20
City of Memphis TN Auditor Inquiry	Complete	Provided consulting to Internal Auditor for the City of Memphis, TN. regarding donation policy implemented by Louisville Metro Government.	Consulting	2
Discovery Responses	Ongoing	Review and respond to discovery requested by Louisville Metro Government legal representation regarding Verified Complaint against Life Institute seeking restitution of grant funds.	Integrity	20
Ethics Tipline	Complete	Provided ethics tipline information to peer audit director from Bowling Green to assist in the preliminary planning stage for a ethics tipline for local government.	Consulting	3
Ethics Tipline	Complete	Discussed OIA project planning, implementation and administrative responsibilities for Ethics Tipline with peer audit director in Lexington KY. Peer director tasked by LFUCG Internal Audit Board to initiate process of establishing a fraud tipline.	Consulting	14
External Quality Assessment Review	Complete	Professional standards require external assessment of IA operations. External consultant engaged to perform review. OIA received a generally conforms to professional standards (IIA, GAGAS) which is highest rating possible. Opportunities for improvement identified, although one is out of the control of OIA.	Assurance	180
Internal Audit Best Practices	Complete	Shared and discussed best practices with peer auditors in Lexington, Bowling Green, and other communities in United States at various times throughout the year. This is ongoing collaboration to ensure emerging trends and practices are considered as part of OIA operations.	Consulting	35

Area	Status	Issues	Core Service	2011 Hours
Internet Mailbox - Inquiry	Complete	The Office of Internal Audit received an inquiry through public access webmail regarding Animal Services consulting contract with Kentucky Humane Society. The inquiry alleged misuse of public funds through fiscal irresponsibility. OIA advised on method to report unethical activities through the Ethics Tipline. No issues were identified that required further review.	Consulting	4
IT Audit Reference Requests	Complete	Provide information to various peer entities regarding the Office of Internal Audit's Information Technology core service. The focus is the use of outside resources for the IT audit projects.	Consulting	10
Standard 1312	Complete	A consulting firm requested input on compliance with Institute of Internal Audit Professional Standard 1312 through a survey. The information will be used to compile a white paper centered on compliance with Standard 1312 across all industries, shapes and sizes of Internal Audit (IA) departments.	Consulting	1

Related Agencies - Zoo

Cash Office Policies and Procedures	Complete	Louisville Zoo requested assistance in reviewing their Cash Office Policies and Procedures prior to personnel. OIA provided suggestions and comments.	Consulting	5
Financial Operations	Complete	Revenue - Fiscal Administration, General Administration, Revenue Shares. Payroll - Prior Period Adjustments, Policy Compliance, General Administration. Procurement - Contractual & Policy Compliance, Processing of Activity. Custodial Assets - Policies & Procedures, Tracking Custodial Assets. Vehicle Management - Key Control, Fuel Monitoring & Reconciliation.	Assurance	252

Area	Status	Issues	Core Service	2011 Hours
Technology				
Active Directory Security Assessment	Complete	Application of Patches, Domain Account Policies, Review of Security Options Settings, and Active Directory Configuration Review Analysis.	Information Technology	34
LeAP (Oracle Financials) Database / Server Vulnerability Assessment Report	Complete	Default database passwords have not been changed. Database schema auditing settings.	Information Technology	50
Network Security Vulnerability Assessment Report	Complete	There were a total of 48 findings for the Network Security Vulnerability Assessment Report.	Information Technology	48