



- 🏠 **Location:** Microsoft Teams
- 📅 **Date:** Tuesday, February 8, 2022
- 🕒 **Time:** 10:30 am
 - Tamika Duplessis, Chair
 - Robin Barnes
 - Joseph Peychaud
 - Maurice Sholas
 - Alejandra Guzman

Audit Committee Meeting Agenda

[February 2022 Audit Link](#)

[+1 504-224-8698,,802674449#](#) United States, New Orleans

Phone Conference ID: 802 674 449#

PUBLIC COMMENT WILL BE ACCEPTED VIA EMAIL TO BOARDRELATIONS@SWBNO.ORG .

ALL PUBLIC COMMENTS MUST BE RECEIVED PRIOR TO

11:00 AM ON February 8, 2021. COMMENTS WILL BE READ VERBATIM INTO THE RECORD.

I. Roll Call

II. Presentation Item

- a) Take Home Vehicle Report – Cardell Silas/Dave Cappel

III. Discussion Item

- a) Introduction: 2022 Internal Audit Plan – Cardell Silas/Dr. Tamika Duplessis

IV. Information Items

- a) Billing Dispute Follow up
- b) Procurement Contracts Follow up

V. Public Comment

Public comments received until 30 minutes after the presentation of the Agenda will be read into the record.

VI. Adjournment

This teleconference meeting is being held pursuant to and in accordance with the provisions of Section 4 of Proclamation Number JBE 2020-30, extended by Proclamation 7 JBE 2022, pursuant to Section 3 of Act 302 of 2020.

Sewerage & Water Board of New Orleans



Performance Audit: SWBNO Take- Home Vehicles

February 4, 2022

Table of Contents

- Background
- Audit Objectives
- Scope
- Methodology
- Support Services Departmental Overview
- Findings and Analysis
- Disclosure Items
- Recommendations



Performance Audit: SWBNO Take Home Vehicles

BACKGROUND



Sewerage & Water Board of New Orleans

<http://swbno.org>

Background

- SWBNO Vehicle Fleet
 - Purchased and Maintained by EMIS
 - Approve and Assign Take Home Vehicles
 - Approx. 371 vehicles
 - 76 vehicles assigned to Take Home privileges (August 2020)
 - 89 in 2015 (per OIG report)
- Governed by SWBNO Policy Memorandum 94



Background (continued)

- SWBNO Policy Memorandum 94
 - Policies and Procedures for SWBNO employees operating company vehicles
- Take Home Vehicle Policies and Procedures (Section III. C)
 - 16 job positions permanently assigned take home vehicles
 - Other Qualifications
 - Valid Drivers License
 - Current Insurance
 - Clean Driving Record
 - “On-Call” Employee



Performance Audit: SWBNO Take Home Vehicles

AUDIT OBJECTIVES



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Audit Objectives

- Evaluate the use and efficiency of the SWBNO's vehicle fleet
- Determine whether SWBNO assigns take home vehicles in accordance with Policy Memorandum 94
- Determine whether SWBNO have internal controls to help prevent unauthorized use of a take-home vehicle
- Determine cost/expenditures related to SWBNO vehicle fuel usage, maintenance, and repairs



Performance Audit: SWBNO Take Home Vehicles

SCOPE



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Scope

- Determine
 - Proper Employee Authorization
 - Proper payroll deduction
 - License Validation
 - Proper Vehicle Maintenance
 - Master Document upkeep
 - Take-home vehicle minimization and optimization



Performance Audit: SWBNO Take Home Vehicles

METHODOLOGY



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Methodology

- Interviewed key personnel
- Conducted walkthrough
- Reviewed Policy Memorandum 94
 - Emphasis Section C sub-section III
- Reviewed required documentation
- Reviewed prior audits
- Identify SWBNO employees with take-home privileges
- Reviewed the processes to obtain take home vehicle
- Determined fuel usage and most used department



Performance Audit: SWBNO Take Home Vehicles

SUPPORT SERVICES OVERVIEW



Sewerage & Water Board of New Orleans

<http://swbno.org>

Support Services Departmental Overview

Employee	Job Title
Terrance Wills	Interim Director of Support Services
Yolonda Moton	Management Development Specialist II (EMIS)
Alana Jones	Administrative Support Supervisor II (EMIS)
Rick Mumme	Automotive Section Supervisor (Body Shop)
Joe Warren	Automotive Maintenance Technician (Garage II)
Jeff Conrad	Automotive Maintenance Technician (Garage I)



Performance Audit: SWBNO Take Home Vehicles

FINDINGS AND ANALYSIS



Sewerage & Water Board of New Orleans

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Testing Results

Employee	SWBNO Department	Domicile	Policy Compliance Status?
Employee 1	Electric Shop		No (Missing Application/ No Vehicle Usage Payroll Deduction)
Employee 2	Welding Shop	St. Tammany	No (No Vehicle Usage Payroll Deduction)
Employee 3	Electric Shop/Facility Maintenance		No (Missing Application/No Vehicle Usage Payroll Deduction)
Employee 4	Electric Shop	St. Bernard	No (No Vehicle Usage Payroll Deduction)
Employee 5	Environmental Compliance		No (Missing Application)
Employee 6	Electric Shop	Jefferson	Yes
Employee 7	Facility Maintenance		No (Missing Application/No Vehicle Usage Payroll Deduction)
Employee 8	CY-Station D		No (Missing Application/ No Vehicle Usage Payroll Deduction)
Employee 9	Machine Shop	Jefferson	No (Invalid Driver's Lic.)
Employee 10	Meter Repair		No (Missing Application)
Employee 11	Warehouse& Grounds		No (Missing Application)
Employee 12	Networks	Jefferson	No (No Vehicle Usage Payroll Deduction)
Employee 13	Networks	Orleans	Yes
Employee 14	Machine Shop	Jefferson	Yes
Employee 15	Sewerage	Orleans	Yes
Employee 16	Electric Shop	St. Bernard	Yes
Employee 17	Electric Shop	St. Bernard	Yes
Employee 18	Machine Shop	Orleans	Yes
Employee 19	Pumping & Power Dept.	Orleans	Yes
Employee 20	Networks	Orleans	Yes
Employee 21	Networks	Orleans	Yes
Employee 22	Networks	Jefferson	Yes
Employee 23	Networks		No (Missing Application/No Vehicle Usage Payroll Deduction)
Employee 24	Networks	Orleans	Yes
Employee 25	Networks	St. John the Baptist	No (No Vehicle Usage Payroll Deduction)



Testing Results

SWBNO Department	# of Take-Home Vehicles	Percent of Total Take-Home Vehicles
Executive Director	1	1.3
Facility Maintenance	20	26.3
Environmental Affairs	2	2.6
Pumping & Power	3	3.9
Operations	13	17.1
Engineering CA&I	1	1.3
Plumbing	1	1.3
EMIS 0805	5	6.5
Emergency Management – CWP 0055	1	1.3
Welding Shop – CWP 4330	2	2.6
Electrical Engineering 4120	5	6.5
Electric Shop – CWP 4130	1	1.3
Grounds Maintenance 0815	1	1.3
Meter Shop 4270	2	2.6
CY – Zone 1 6001	4	5.2
CY – Zone 2 6002	3	3.9
CY – Zone 3 6003	4	5.2
CY – Zone 4	1	1.3
CY – Zone 5	2	2.6
CY – Zone 6 6006	3	3.9
CY – Zone 7	1	1.3
Departmental Total	76	100%



Findings and Analysis

- GPS Tracking System
 - Old system was offline and unresponsive
 - July 2020: New GPS system search
 - Update: No new GPS tracking system in place
- Fuel Usage

SWBNO Department	2018 Gals. Used	2019 Gals. Used	2020 (Jan.-Jun.) Gals. Used
Networks	113,980.60	183,744.00	142,023.80
No Dept. Listed	162,439.80	24,624.00	1,364.80
Support Services	13,195.90	26,616.50	18,004.70
Grounds Maintenance	9,092.60	17,367.80	14,612.60
Meter Reading	12,527.20	16,353.10	11,536.50



Findings and Analysis (continued)

- Take Home Vehicle Process
 - Employees were full-time and lived within 40 miles of Orleans Parish
 - No confirmation of On-call designation
 - Recommendation Forms did not denote on-call or reasoning
 - No record of Alternative take-home vehicle privilege



Findings and Analysis (continued)

- Key Fob
 - Key Fob Forms not formally implemented until December 2019
- Master Document
 - Did not contain all information required by Policy
 - Lack of communication between Fleet Service Manager and EMIS Supervisor on employee/vehicle status



Findings and Analysis (continued)

- Take Home Vehicle Recommendation Form
 - Incomplete Forms
 - Finding in OIG report from 2015
 - Non-existing Forms
 - 17 of 25 employees with forms on file
- Driving Record Validation
 - 24 of 25 employees Drivers License on file
 - All 25 sampled employees had clean driving record via DMW



Findings and Analysis (continued)

- Vehicle Usage Charge
 - Two Rates
 - \$48.08 bi weekly within 20 miles
 - \$144.24 bi weekly outside 20 miles
 - 56 employees charged
 - 43 properly authorized
 - 13 non authorized
 - 10 employees domiciled outside Orleans Parish
 - 4 employees had no deduction
 - 13 of 25 sampled received payroll deduction



Findings and Analysis (continued)

- Vehicle Maintenance
 - Recommended Maintenance
 - Gasoline engine: 3,000 miles
 - Oil life: 5,000 miles
 - Diesel Engine: 1,500 miles
 - Oil life: 5,000 miles
 - 6 of 25 employees followed recommended maintenance
 - 9 of 25 employees over recommended but under oil life
 - 5 of 25 employees over recommended maintenance and oil life
 - 1 of 25 employees received third party maintenance
 - 4 of 25 employees had excessive maintainance (4,000 miles > oil life)



Performance Audit: SWBNO Take Home Vehicles

DISCLOSURE ITEMS



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Disclosure Items

- Tire vendor invoicing excessively
 - Billing for work not performed
 - Invoice amounts duplicate



Performance Audit: SWBNO Take Home Vehicles

RECOMMENDATIONS



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Recommendations

- R 1.1: Acquire a GPS tracking system
- R.2.1: Monitoring of fuel and maintenance expenses for significant variances
- R.3.1: Utilization of alternative take home vehicle policy
- R.4.1: Better Master Document maintenance
- R.5.1: Ensuring of proper vetting for drivers
- R.6.1: EMIS and Payroll coordination for correct payroll deduction
- R.7.1: Acquiring of a fleet management software to manage vehicle maintenance



Conclusion

- Policy Memorandum 94 noncompliance
 - Inadequate take home vehicle validation and record keeping
 - Improper maintenance of vehicles
 - Improper payroll deductions
 - Interdepartmental miscommunication



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Billing Dispute Report

February 7, 2022

Billing Dispute

- The Internal Audit Department conducted this review to provide an update on the status of (SWBNO) implementation of recommendations made in the OIG audit that was conducted in June of 2020. In addition, S&WB has a unique governance structure as it is created in state law as an independent entity of the City of New Orleans.
-
- The IA team requested that the Revenue Supervisor provide an implementation status update. Upon update, the IA team requested the following documentation:
 - Updated training documents are scheduled to be completed by July 2021
 - A copy of the Procurement Manual and Procedures
 - A copy of the scheduling checklist
 - Access to hearing related documents



Recommendation 1

- The S&WB should ensure its policies and procedure for bill adjustments comply with the Louisiana Constitution, are limited to those criteria specified by law and are applied consistently and transparently
- Implemented



Recommendation 2

- The S&WB should design and control the process for scheduling hearings and billing rehearing's to ensure hearings comply with the criteria set forth by the Louisiana Administrative Procurement Act
- Partially Implemented



Recommendation 3

- The S&WB should develop and implement a strategic plan for data management to help the agency identify needs related to data collection and control. Data retention and retrieval and processes to accurately and efficiently report and maintain aggregate data on administrative hearings and bill adjustments. The agency should also use the information to proactively monitor and evaluate their process, review adjustment policies, and perform continuous improvement. Administrative hearing program more efficient and develop a better data management, and then to be tested on the information towards the future report.
- Implemented



Conclusion

- From the documents provided recommendation 1 & 3 are determined to both be fully implemented while recommendation 2 is partially implemented.



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LLA Contracts Management Audit Follow-Up (SWBNO Procurement Department)

February 7, 2022

Table of Contents

- Background
- Audit Objectives
- Methodology
- Findings and analysis
- Conclusion



LLA Contracts Management Audit Follow-Up (SWBNO
Procurement Department)

BACKGROUND



Sewerage & Water Board of New Orleans

<http://swbno.org>

Background

- November 2018
 - Louisiana Legislative Auditors (LLA) conducted an audit on SWBNO Contracts Management via Procurement
 - Assurance to compliance with House Resolution 92
 - 14 findings and recommendations where accepted by SWBNO



LLA Contracts Management Audit Follow-Up (SWBNO
Procurement Department)

AUDIT OBJECTIVES



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Audit Objectives

- Determine the status of recommendations accepted by SWBNO in the LLA's Contracts Management audit.
- Provide a status update for all recommendations set forth by the LLA in the audit.



LLA Contracts Management Audit Follow-Up (SWBNO
Procurement Department)

METHODOLOGY



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Methodology

- Review the recommendations administered by the Louisiana Legislator Auditors
- Obtain a status update on recommendations via Procurement Department
 - Obtained required documents to verify recommendations have been implemented



LLA Contracts Management Audit Follow-Up (SWBNO
Procurement Department)

FINDINGS AND ANALYSIS



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Findings and Analysis

- As of April 2021
 - 9 of the 14 recommendations implemented
 - 1 recommendation partially implemented
 - 4 recommendations not implemented



LLA Contracts Management Audit Follow-Up (SWBNO
Procurement Department)

EXHIBIT 1



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Number	November 2018 Recommendation	April 2021 Status Update	Documents Reviewed
Recommendation 1	Develop, adopt, and implement final comprehensive written Policies and Procedures over: (1) Record keeping and reporting (2) Procurement (3) Monitoring (4) Change orders and amendments (5) Approving payments, including required personnel	Partially Implemented. The process-initiated Manual is in the review stage. Management and Board are adjusting the manual as needed. The estimated completion date is May of 2021.	A copy of the Procurement Manual Draft
Recommendation 2	Centrally track all contracts and total costs to identify trends and improve management decisions. In accordance with best practices, management should establish and maintain a master list of all contracts, including vendor information, start and end dates, cost of services, type of service to be received, and the employee responsible for monitoring the contract.	Not Implemented. Management has made no progress on creating a master list of contracts for tracking purposes. No automated process has been acquired. No progress has been made to create such a list nor implement a software with such capability.	Screenshot/report from the access database
Recommendation 3	Either comply with its specified bid law statutes (R.S. 33:4084 and 33: 4085) or seek AG opinion as to whether these two specific statutes have been tacitly repealed.	Implemented. IA will follow up with Legal to confirm that these bid law statutes. It is confirmed the Procurement department follows Title 38 as guidance for contracts	N/A
Recommendation 4	Expedite the implementation of a centralized contract management system.	Not Implemented. Procurement currently does not have a permeant Procurement Director in place. The former Procurement Director retired in December 2020. Before departure, no centralized management system was inquired for. The Procurement Department has dealt with issues of budget, leadership, and staffing.	N/A
Recommendation 5	Cease spending public funds on meals honoring employees and consult with legal counsel and/or Attorney General's Office about the legality of expenditures made for employee awards.	Implemented. IA confirmed that SWBNO no longer uses public funds on meals honoring employees.	N/A
Recommendation 6	Require all invoiced items and related amounts to be agreed to the approved contract, including change orders. Any differences noted should be immediately investigated and resolved, in writing.	Implemented with exceptions. Departments are responsible for confirming that all invoiced items have been received. Accounts Payable reviews the invoice to ensure that the agreed upon amount is being paid to the vendor. If a department reports a modification the modification is investigated and reviewed in writing through the Weekly Change order meetings.	Documentation from a 2020 contract that requires a change order
Recommendation 7	Verify that payment documentation is complete and includes all appropriate approvals before making payments.	Implemented with exceptions. Accounts Payable is responsible for this process. Procurement does not receive/review invoices before payment. This review process is completed by the Accounts Payable department. Per Accounts Payable all contracts are reviewed before making payment to vendors.	Copy of RFP with description: Licensed Professional Property Appraisal Services
Recommendation 8	Designate staff to search the federal government's web site for registration and exclusion records on all potential vendors to determine if they are in good standing.	Implemented. Procurement Department keeps a record of the Sam.gov status on all vendors accepted for contracts both digitally and physically.	Documentation for Sealed Bid
Recommendation 9	Designate staff to search the Louisiana Secretary of State's web site to identify the people registered as officials of potential vendors to evaluate possible conflicts of interest.	Implemented. Procurement Department keeps a record of the Louisiana Secretary of State registration on all accepted vendors for contracts both digitally and physically.	Documentation for Sealed Bid
Recommendation 10	Verify that change orders and amendments are properly approved, in writing, prior to the start of the work.	Implemented. Change order meetings are held on a weekly basis and changes orders have to be heard by the committee and approved prior to the start of work.	N/A
Recommendation 11	Prepare and maintain contract approval sheets for each professional services contract, as required by policy.	Implemented. Approval sheets are maintained within the file folder and hard copy.	Property/casualty insurance marketing and other ancillary services: opening date 5/21/2020
Recommendation 12	Prepare post contract evaluations, in writing, and maintain for each completed contract.	Not Implemented. Post contract evaluations are not the responsibility of the Procurement Department. The previous Procurement Director did not implement this following the audit.	N/A
Recommendation 13	Organize all contract related documentation, including monitoring and payment records, so that the documentation can be located timely and understood in the absence of the assigned contract manager. When there are multiple contracts with a single vendor, the documentation for each contract should be kept separate.	Not Implemented. Recommendation is incomplete. Procurement does not have a centralized software system to be able to monitor payments and the accuracy of payments.	N/A
Recommendation 14	Verify that the detailed cost analysis prepared to determine the reasonableness of change orders includes all documentation to support the analyses.	Implemented. The Construction Modification Review Committee (CMRC) was created to review change orders.	Copy of CMRC Agenda

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