

OFFICE OF INSPECTOR GENERAL JEFFERSON PARISH



FOLLOW-UP OF HARVEY VOLUNTEER FIRE COMPANY
No. 2

2013-0032

FOLLOW-UP REVIEW
ISSUED 12/15/2020



OFFICE OF INSPECTOR GENERAL
JEFFERSON PARISH

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December 15, 2020

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Audit #2013-0032's Follow-Up Audit of Harvey Volunteer Fire Company No. 2, dated 11/03/2014

The Jefferson Parish Office of Inspector General (JPOIG) conducted a **follow-up review** of the **Audit of Harvey Volunteer Fire Company No. 2 (2013-0032), dated 11/03/2014**. Follow-up reports make no findings or recommendations. Follow-up reports monitor the implementation of recommendations previously made. The review demonstrates that all of the three recommendations are resolved by management of the Harvey Volunteer Fire Company No. 2.

The audit follow-up process does not require a written response, nor do we include any external commentary as each finding has already been addressed through the volunteer fire company's initial response to the original report. In the interest of facilitating positive change, we will make arrangements to meet with any recipient who may wish to discuss the report or a corrective action plan.

I appreciate the sincere and earnest efforts by the staff of the Harvey Volunteer Fire Company No. 2 and others in the Administration who worked with us during this effort

Respectfully,

David McClintock

cc:

Commissioner Howard G. Maestri, Chairman

Commissioner Warren R. Bourgeois III, M.D.

Commissioner Dolores C. Hall

Commissioner Cherie' Kay LaRocca

Commissioner Laura J. Donnaway

Jerry Sullivan, Attorney to the Ethics and Compliance Commission



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JEFFERSON PARISH

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Date of Report: 12/15/2020	PUBLIC FOLLOW-UP REVIEW	Case: 2013-0032
Period of Review: 01/01/2020 – 06/30/2020	Report By: JPOIG Staff	Status: Final
<u>Subject of Review</u> Harvey Volunteer Fire Company No. 3		

STANDARDS

Pursuant to the Jefferson Parish Code of Ordinances (JPCO) §2-155.10(11)(a), the Jefferson Parish Office of Inspector General (JPOIG) initiated a follow-up review of JPOIG’s audit report numbered 2013-0032 dated 11/03/2014. The follow-up audit was performed in accordance with the code of ethics and standards of the International Professional Practices Framework (IPPF), promulgated by the Institute of Internal Auditors (IIA).

ACRONYMS

The following acronyms appear in the document:

JPOIG	Jefferson Parish Office of Inspector General	Parish	Jefferson Parish
JPCO	Jefferson Parish Code of Ordinances	HVFC	Harvey Volunteer Fire Company No. 2

INTRODUCTION

The focus of the original report was a review of Harvey Volunteer Fire Company No. 2’s (HVFC) receipts and disbursements regarding public funds received from Jefferson Parish (Parish). The report, originally titled as a preliminary review, had audit findings and recommendations, hence it will be referred hereinafter as an audit. The source of the public funds audited were millage funds designated for fire protection services pursuant to the Fire Protection Agreement between the Parish and the HVFC. The scope and objective of the original audit considered relevant financial data, systems, personnel, and other information to provide assurance of sufficient internal controls, legal compliance, and the proper recording and usage of public funds received from Jefferson Parish. Accordingly, the JPOIG selected a follow-up testing period, which includes recent processes, transactions, and records (01/01/2020 through 06/30/2020). The validation results of the JPOIG’s data analysis indicated that the HVFC’s policies and procedures were comprehensive, rigorously followed, and provide an adequate internal control framework. The HVFC’s cooperation was appreciated which ensured a timely follow-up report.

BACKGROUND

On 11/03/2014, the JPOIG issued a public report titled, “Harvey Volunteer Fire Company No. 2,” which included a response by HVFC. A copy of the full report can be located at JPOIG.net.

The report’s audit period was 01/01/2013 – 12/31/2013.

The audit resulted in three (3) findings related to lack of authorized supervisory signatures on documents and a lack of segregation of duties in the accounting process. Because of the nature of the original report, no questioned costs were determined. Follow-up reports do not initiate findings or recommendations.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objective

The primary objective of the follow-up review is to determine if HVFC’s management has effectively implemented the recommendations in the JPOIG’s original audit. The JPOIG will assess the status of those actions that were committed to during the original response or any other corrective measures that impact the original report’s findings and recommendations.

The Fire Protection Agreement governs the business relationship between the Parish and the HVFC. The agreement has a ten (10) year term, 12/01/2017 through 12/01/2027. The follow-up included testing on compliance-related matters delineated in the Fire Protection Agreement. If other matters of issue are noted as part of this effort, additional observations will be included as part of the follow-up report.

Scope and Methodology

To accomplish the above objectives, the following procedures were performed:

- A review of applicable resolutions and contracts between the Parish and HVFC;
- Interviews with the HVFC’s management to determine if corrective action plans have been effectively implemented since the issuance of the original report;
- A review of the HVFC’s policies and procedures;
- Research and analysis including but not limited to, HVFC’s financial records, payroll records, and fuel invoices; and
- A review of documents and records submitted to the Fire Services Director and Finance Director as required by the Fire Protection Agreement.

The tables below summarize the transactions tested.

Table 1 2020 Transaction Testing Statistics					
Testing Category	Transactions Tested	Dollars Tested	Exceptions Noted	Exception Reasons	Exceptions Amount
Expenditures	25	\$413,379.90	0	N/A	\$0
Bank Statements	30	\$1,394,084.41	0	N/A	\$0
Fuel	27	\$15,376.18	41	Inaccurate mileage, fuel limits exceeded	\$15,376.18
Payroll	20	\$300,494.59	0	N/A	\$0
Total Transactions	102	\$2,123,335.08	41		\$15,376.18

The JPOIG recalculated 20 payroll transactions, and verified the calculations were reasonable in amount. Although no exceptions were noted, the JPOIG suggested that the HVFC participate in

the Department of Labor’s Payroll Audit Independent Determination program. This program facilitates resolution of potential violations under the Fair Labor Standards Act with the objective to resolve claims quickly and without litigation. In addition, it helps improve employers’ compliance with wage obligations.

Table 2 Follow-Up Summary					
Finding	Topic	Items Reviewed	Resolved	Un-Resolved	Resolved, in part
#1	Lack of Supervisory Signature – Fuel Reports	27	✓		
#2	Lack of Segregation of Duties	55	✓		
#3	Lack of Supervisory Signature – Time Cards	20	✓		

FOLLOW-UP RESULTS

The three (3) potential categories of corrective action are:

1. Resolved - The Department/Parish/Entity has implemented actions that have, or should if implemented; resolve the core findings/concerns noted in the original report.
2. Resolved, in part - The Department/Parish/Entity has implemented actions in response to the audit but the actions do not fully address the findings/concerns raised in the original report.
3. Unresolved – The Department/Parish/Entity has not implemented actions that resolve the core findings/concerns noted in the original report and/or rejected the recommendation in the original report.

For each finding in the JPOIG’s original audit report, below is a summation of each of the original recommendations, including the HVFC’s response, and the JPOIG validation results.

Finding #1	Approval Process	Resolved
JPOIG Recommendation		
All invoices should be reviewed by an independent employee (supervisor) that does not have custody of the assets and the ability to enter payments into the accounting records.		
HVFC’s Response		
One or more of the Finance Committee Members will sign or initial each of the weekly Fuelman Reports in addition to the Executive Assistant who currently reviews and reconciles the report.		
Validation Results		
The HVFC’s fuel reports were tested to validate if the invoices were reviewed by a supervisor and if the fuel purchases were allowable. In 25 of the 27 fuel reports, exceptions were found for vehicles exceeding fuel limits. In 16 of the fuel reports, exceptions were found for inaccurate recording of mileage from one vehicle’s fuel purchase to another.		
The JPOIG also reviewed the HVFC’s policies and procedures regarding fuel. The JPOIG noted that the policy for fuel provides procedures for purchasing fuel, entering correct mileage tracked to each employee and vehicle, and a process for tracking incorrect entries with disciplinary action		

for each repeated policy deviation. The JPOIG had discussions with HVFC's during the fieldwork stage of the audit. The HVFC's Finance Committee Chairman explained to the JPOIG the follow-up protocols taken to ensure that the exceptions noted in the fuel reports are reviewed and resolved by management. Further, the company's management revised their vendor vehicle profiles to eliminate false positive exceptions from occurring in future vendor reports. The Financial Committee Chairman also stated that the committee intends to document all disciplinary actions taken and any valid reasons for exceptions directly on the fuel vendor invoices. With the implementation of these two actions by management, the JPOIG has determined this issue to be resolved.

Finding #2	Segregation of Duties	Resolved
JPOIG Recommendation		
We recommend that the organization's officers prepare or at least review the bank reconciliations in detail. The department could have two-man teams reviewing the bank reconciliations and ensure that checks are secured, used in numerical order, are all accounted for, and are written for authorized purposes of the HVFC #2.		
HVFC's Response		
In addition to the Executive Assistant reconciling the monthly bank accounts, the Treasurer will also review and verify the reconciliation reports for all bank accounts. The Treasurer will sign off each month on the bank reconciliations.		
Validation Results		
The JPOIG reviewed operating expenditures and bank reconciliations to validate that the expenditures are being reviewed appropriately to ensure cash in bank is properly safeguarded. The bank reconciliations tested were properly prepared by the bookkeeper and properly reviewed and approved by management. All expenditures tested by the JPOIG were determined to be for allowable fire service purposes. Additionally, the HVFC has instituted policies and procedures providing for extensive segregation of duties for reviewing and approving bank statements and for the procurement and payment of expenditures with public funds.		

Finding #3	Timecards	Resolved
JPOIG Recommendation		
We recommend that a supervisory employee of the HVFC #2, sign, and date employees' time cards.		
HVFC's Response		
In addition to the Executive Assistant reviewing the schedules and timecards, the Director of each division will also verify and sign off on the employee timesheets for each payroll.		
Validation Results		
The JPOIG reviewed personnel records and payroll to validate that the time cards are being reviewed appropriately to ensure accurate payment for hours worked, and for adequate supervisory approvals for time worked. No exceptions were noted.		