



**2015 JPOIG
Annual Report**



OFFICE OF INSPECTOR GENERAL JEFFERSON PARISH

DAVID N. McCLINTOCK
INSPECTOR GENERAL



March 31, 2016

Inspector General's Message

To: Members of the Jefferson Parish Ethics and Compliance Commission

Cc: Jefferson Parish Councilmembers and Parish President

It is my privilege and honor to provide you the Jefferson Parish Office of Inspector General's (JPOIG) second Annual Report. The report addresses activities occurring during the 2015 calendar year.

The purpose of the JPOIG is to provide a full-time program of investigation, audit, inspections and performance review which ensures increased accountability and oversight of government. The scope of authority and powers vested in the JPOIG are necessarily broad. These extend to conducting objective and independent audits, reviews and investigations relating to Jefferson Parish government, its special districts, and entities receiving funds through the Parish in order to:

- assist in improving operations;
- deter and identify, fraud, waste, abuse, and illegal acts; and
- provide increased accountability of parish government.

During this period the JPOIG marked the first full year in our permanent office space located at 5401 Jefferson Highway, completed the acquisition of a case management system, experienced some staff turnover (2 positions), received and processed 49 complaints and issued reports and engaged in two monitoring efforts. As a result the JPOIG:

- Questioned \$2,256,968.72 in expenditures; and
- Monitored actions and funds valued at \$604 million dollars.

The majority of our work comes from information provided by businesses, citizens and employees of the Parish, with the balance self-generated by staff. When assessing the office, some look solely at the potential dollars lost or saved, others contend that we should focus on identifying corrupt and dishonest officials, and still others believe the best use of the office is to study and recommend improvements in operational processes and performance. The allocation of our resources is based primarily upon the quality of the information received/developed and consideration of how scalable the potential outcome may be.

The cooperation and support of elected and appointed officials, as well as, Parish management bears strongly on the administrative efficiency of the office. By and large, the Parish has respected the independence of the office and provided the necessary administrative support where needed. We have seen continued support from many and sincerely appreciate their efforts. However, as with previous years, the JPOIG expended considerable effort to address issues that are related directly to the authority, independence and effectiveness of the JPOIG

and on occasion the Ethics and Compliance Commission (ECC). During the 2015 reporting period, the concerns centered on the Department of Finance's efforts to fund the cost of the entire 2011 election from dedicated JPOIG/ECC millage funds.

Beginning with correspondence from the Director of Finance dated 04/01/2015, the Parish sought to back-charge \$40,268, for reimbursing the Parish the entire cost of the Parish's portion of the election occurring more than 3 years before on 10/22/2011, to the Jefferson Parish Inspector General Special Services Funding District. Of the many items on the ballot, there were questions seeking approval to create and fund the Ethics and Compliance Commission and the JPOIG. Therefore, neither entity existed at the time of the election.

Over the next several months, correspondence was exchanged between the JPOIG and the Department of Finance regarding the propriety of charging the cost of the entire Parish portion of the election to a department that did not exist with the election costs covering all expenses billed to the Parish from the Secretary of State. In the absence of the JPOIG and the ECC finding sufficient support to authorize the payment, the Administration, on 07/13/2015, unilaterally took \$40,268 of Jefferson Parish Inspector General Special Services Funding District revenue and transferred this money to the Jefferson Parish General Fund. This action was a clear violation of Parish Ordinance 2-879, a circumvention of authority given to the Ethics and Compliance Commission by the Parish Council, and a serious affront upon the independence of this office.

On 10/22/2011, there was a general election addressing state and local offices, as well as, other issues. At that time, the voters of Jefferson Parish had on the election ballot several local officials, including among them the parish president, coroner, sheriff, council-at-large seats, council district seats and the clerk of court. In addition, the Jefferson Parish Council called for the placement on the ballot propositions that would establish and provide funding for an Office of Inspector General and Ethics and Compliance Commission, as well as other matters. Choosing to ballot these propositions, the Parish obligated itself to the cost of the election irrespective of the outcome, presumably because it saw sufficient value in bringing and funding an office of inspector general and ethics entity to Jefferson Parish. Thus, the costs of the election was an expense incurred by the Parish for the Parish.

The public voted favorably to amend the Charter and provide a dedicated funding recognizing:

In order to assure the independent operation of the office of inspector general, the office, in conjunction with the ethics and compliance commission, shall receive the proceeds of any special tax levied and approved by the electorate which is dedicated to providing, maintaining, administering and operating an office of inspector general and an ethics and compliance commission. (Emphasis added)

The Charter amendment guaranteed an independent funding source by providing that the JPOIG "shall receive" the proceeds. However, the proceeds, favorably voted upon in the October 2011 election, were not collected until 2013.

Since my appointment in March of 2013, the JPOIG, along with the Ethics and Compliance Commission, has worked with and struggled with the Parish to forge processes which

facilitated access to and payments from our dedicated funding source to meet operational needs. There has been, at times, substantial opposition and reluctance from the Finance Department because of our independent nature and that of our funding source.

In time, the Parish Council amended JPCO 2-879 to provide that any line item transfer and/or budget amendments relating to budgets of the inspector general or the ethics and compliance commission shall be upon notice of the inspector general or ethics and compliance commission, or upon resolution of the ethics and compliance commission. Under similar circumstances, JPCO 2-879 requires notice by the Administration to the Council and/or approval by the Council for transfers and budget adjustments greater than \$20,000. The Administration was not authorized to take or make a budget adjustment of \$40,268.

Ultimately, the Parish returned the funds to the Jefferson Parish Inspector General Special Services Funding District. However, too much time and too many resources of the JPOIG and ECC have been diverted to answering and addressing issues which do not further the mission and objectives for which this office was created. This most recent action represents another incidence.

Nevertheless, I have enjoyed the challenges and the increasing rewards that have come from developing an independent and effective Office of Inspector General. The JPOIG remains uniquely positioned to strengthen and fortify trust in parish government and to assist in meeting the public's expectations wherever possible. The JPOIG staff is committed to working for transparency and accountability in government.

Please visit www.jpoig.net for synopses of our audits, investigations, reviews and findings.

Very Truly Yours,

A handwritten signature in blue ink, appearing to read "David N. McClintock", written in a cursive style.

David N. McClintock

Overview

The JPOIG was created pursuant to the [Parish Charter, Section 4.09](#). The purpose, organization, and powers of the JPOIG are specifically set forth in the [Jefferson Parish Code of Ordinances at Section 2-155.10](#).

In accordance with Section 2-155.10 (10), the JPOIG reports on the activities of the office each year. This is the second annual report of the Jefferson Parish Office of Inspector General. This report will address the following:

- 1) Reporting period;
- 2) Founding authority;
- 3) Office organization and staffing;
- 4) Standards;
- 5) Policy;
- 6) Budget/Funding;
- 7) Intake, review and reporting;
- 8) Goals;
- 9) Annual work plan;
- 10) Synopsis of public reports;
- 11) JPOIG complaints assessment;
- 12) How we will measure success.¹

Reporting Period

The JPOIG Annual Report is due each year on March 31 and covers activities of the preceding calendar year, in this case 2015. The report will be provided to the Ethics and Compliance Commission for a period of not less than 48 hours prior to public release.

Founding Authority

The JPOIG's authority is founded in both Louisiana law, Parish Charter, and Parish ordinance.

Louisiana Revised Statutes 33:9611–33:9615

State law authorizes the creation of an office of inspector general in Jefferson Parish and in certain other jurisdictions.² Further, the state law provides:

The proper operation of democratic government requires that elected officials and public employees be accountable for their actions, that governmental decisions are made in a transparent manner subject to complete ethical and operational review, that public office and employment serve the highest standards of honesty and competence, and that there be public confidence in the integrity of government.³

¹ The inspector general shall report on the activities of the office of inspector general for the preceding calendar year to the ethics and compliance commission, on or before March 31 of each year, on matters undertaken, costs incurred, costs recovered, matters concluded, and results. The report shall describe accomplishments of the office of the inspector general. Copies of the report shall be provided to the parish council, the parish president, and any oversight agencies interested in the activities of the office of inspector general. Upon issuance, members of the media and the public shall be promptly advised of the issuance of the report. Such reports will be provided to them upon request. JPCO 2-155.10 (10) *Annual Reports*

² L.A. R.S. 33:9611(A).

³ L.A. R.S. 33:9611(B).

In addition, the statues sets forth investigative powers, subpoena power, and confidentiality of records.

Parish Home Rule Charter – 4.09

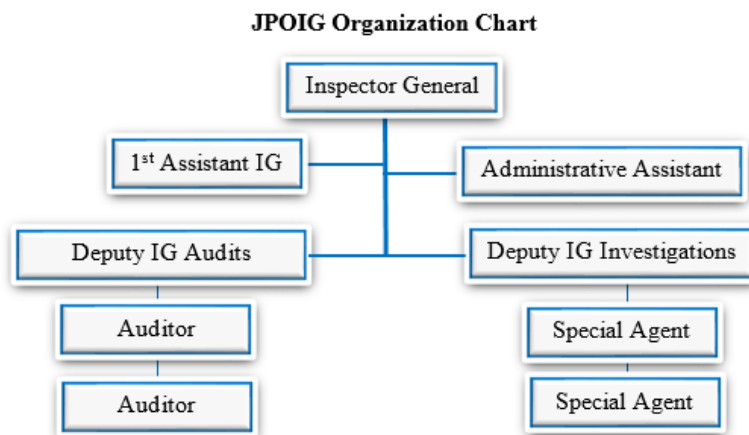
Parish Charter establishes the Office of Inspector General for prevention; examination, investigation, audit, detection, elimination and prosecution of fraud, corruption, waste, mismanagement, or misconduct. The Charter also provides that the office’s authority extends throughout Parish government, its special districts, and those entities receiving funds from the Parish. In addition, the retention of Counsel is specifically permitted and the funding source is established as a special millage.

Jefferson Parish Code of Ordinances (JPCO) 2-155.10

The JPCO sets forth the manner of retention for the Inspector General, organizational placement, authority, powers, professional standards and quality review. Parish ordinance also ensures access to data, confidentiality of records, reporting requirements, and other procedural requirements.

Office Organization and Staffing

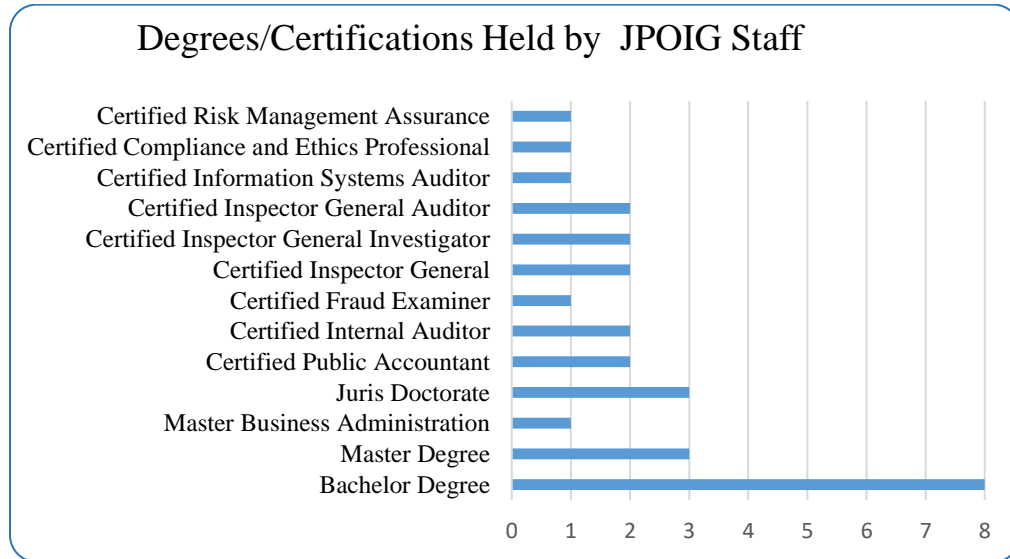
The Inspector General has organized the JPOIG into two sections: (1) Audit and (2) Investigations. The functions and operations of the office are supported through nine staff positions which include a 1st Assistant Inspector General and two Deputy Inspectors General. The 1st Assistant Inspector General serves as the General Counsel and provides legal support across a broad spectrum of issues. The Audit and Investigation sections are each supervised by a Deputy Inspector General. Each Deputy Inspector General oversees the development of their respective section and ensures operations comply with applicable policy and procedure. The organizational chart is shown below:



The efficient operation of an office of inspector general within local government necessitates balancing operational independence with the necessary administrative support of the Parish’s human resources, payroll, purchasing, legal and other general services. While operationally independent, the JPOIG is a chartered office of the Parish and must be supported in those ministerial functions as are other offices and departments.

Staff

The JPOIG staff represents professionals with diverse skills sets who collectively possess the capacity to execute assignments across areas review. The following chart depicts the education and certification level of JPOIG staff that provided services during the reporting year.



Current position levels are consistent with current revenue and adequately support the investigative and audit function. However, the current funding levels do not support the retention of dedicated staff that could be tasked to operational units beyond those of audits and investigations, such as performance review, contract compliance, inspections, technical support, and analytical support services.

Professional Standards

The duties and responsibilities of the JPOIG are extensive and encompass several areas that are the subject of nationally accepted standards. These standards and the related best practices address operational, investigative, and audit elements that are applicable to our operations.

The JPOIG is required to comply with the Principles and Standards for Offices of Inspectors General (the “**Green Book**”) published by the Association of Inspectors General (AIG), and other related standards.⁴ Additionally, we have adopted the Government Auditing Standards published by the U.S. Government Accountability Office (the “**Yellow Book**”) and those of the Institute of Internal Auditors (the “**Red Book**”).

⁴ Standards for initiating and conducting audits, investigations, inspections, and performance reviews by the office of inspector general will conform to the Principles and Standards for Offices of Inspectors General (Green Book) promulgated by the Association of Inspectors General. The office of inspector general shall develop an operations manual available to the public that contains principles based on these standards. JPCO 2-155.10 (13) *Professional Standards*

Policy

Considerable care was taken in developing and establishing appropriate boundaries between the JPOIG and parish government. These boundaries are enumerated in policies and procedures developed and maintained by the JPOIG. We have implemented and maintain a JPOIG Procurement Policy and a JPOIG Administrative Policy and Procedure (APP's) to address those areas unique to the JPOIG or in which we have established procedures, in accordance with the authority granted to the office, that differ from those of the Parish.

Wherever feasible, the JPOIG APP's adopt or reflect those of Jefferson Parish government, particularly where the JPOIG is reliant upon parish government for administrative support. However, those JPOIG APP's that relate to operational issues are designed to reflect professional best practices and standards. At all times and in all cases, the JPOIG policies ensure operational independence and integrity for the office and its staff.

Budget/Funding

In order to ensure the independence of the JPOIG and that of the Ethics and Compliance Commission (ECC), the office receives the proceeds of a special tax that is dedicated to providing for, maintaining, administering and operating these entities.⁵ The tax was first levied in 2013.

In addition, the JPOIG and the ECC worked with the Parish Council to place Proposition #8 on the ballot in December of 2014 that permitted the return unexpended revenue to the combined budget of the JPOIG and ECC. The successful passage of Proposition 8 now permits the JPOIG and ECC to maintain reserve funding not exceed the actual millage collected during the previous budget year, these funds are carried forward in the chart below under the title of Fund Balance.

In the following table we have outlined the millage related revenues, other funding sources (start-up funds, interest earned, and reserve funds carried forward), and expenditures. During this reporting period, in addition to routine operating expenses, the JPOIG expended \$78,240.00 in funds related to the acquisition of the case management system, and the ECC effected the return of \$25,000 in initial start-up funds provided by former Parish President Young prior to the initial millage collection in 2013. During the 2015 fiscal year the JPOIG:

- Carried forward a fund balance of \$1,009,770 and completed the year with \$1,000,861.
- Received millage revenue of \$1,256,962 and expended \$1,278,444.

⁵ Jefferson Parish Charter 4.09 (D)(1).

JPOIG –ECC Combined Financial ⁶				
	2012	2013	2014	2015
	Actuals	Actuals	Actuals	Actuals
Beginning Fund Balance	-	22,129	89,148	1,009,770
Millage Related Revenues				
Ad Valorem (Millage)	-	1,212,849	1,240,333	1,254,385
Ad Valorem - Back Taxes	-	-	7,055	2,577
Subtotal	-	1,212,849	1,247,387	1,256,962
Other Funding				
Interest on Account Funds	8	3,571	5,519	11,573
Other Financing Sources	25,000	-	798,109	-
Total Revenues	25,008	1,216,420	2,051,015	1,268,535
Expenditures				
Expenses	2,880	1,149,401	1,130,393	1,277,444
Other Financing Uses	-	-	-	-
Total Expenditures	2,880	1,149,401	1,130,393	1,277,444
Ending Fund Balance	22,129	89,148	1,009,770	1,000,861

Intake, Review and Report Issuance Processes

Intake

Information indicative of fraud, waste, abuse and corruption within or otherwise affecting parish government, are considered “tips.” Incoming tips, regardless of source, are logged into an internal database and assigned a unique tracking number. Our goal is to review each tip, or lead, within seven days. Jurisdiction, sufficiency of information and potential impact on the Parish are assessed as part of the review.

Preliminary Review

When information merits further inquiry, it is referred to staff for preliminary review. The purpose of the preliminary review is to gather sufficient information to assess the veracity of information and determine the most appropriate track, investigative or audit, for case resolution. A preliminary review may include, but is not limited to: (1) securing evidence, (2) conducting limited interviews, (3) reviewing documents, (4) requesting additional information, (5) monitoring of electronic data and (6) issuance of subpoenas, where necessary. It is the goal of the JPOIG to complete a preliminary review within 45 days, whenever feasible and resources permitting.

Upon completion of the preliminary review, one or more of the following actions may be taken:

⁶ Amended 04/30/2021.

- Referral or Informal Resolution – The decision to refer the case to another agency for internal processing may be used in instances where it is determined that the case (1) does not indicate criminal activity; (2) is not indicative of significant or institutional fraud, waste or abuse; (3) is not indicative of corruption; or (4) concerns a matter unrelated to public trust.
- Administrative Investigation – A matter is accepted and investigated when there appears to be an offense of parish ordinance, policy, and procedure.
- Criminal Investigation - If it is determined that violations of criminal law may have occurred, the matter may be worked jointly with the proper authority or referred to prosecutorial authorities upon completion.
- Audit – A matter will be accepted and audited when there appears to be a need to assess adequacy of controls and/or determine the cause of present outcomes.
- Unfounded or Closure – A matter is determined unfounded when there is insufficient evidence to support the complaint. If the complainant is known, a written response and status will be provided. Any affected agency, vendor or contractor will also be advised of the outcome and any relevant recommendations made.

Full Investigation, Audit or Review

Upon completion of an investigation, audit or review, the JPOIG will prepare a draft report and allow for a comment and review period. In matters involving the issuance of substantial memorandum, full reports of investigation, audit and review involving official comments, findings, and recommendations the JPOIG will:

1. Submit the initial confidential draft correspondence to the proper recipients for a review and comment period of up to thirty (30) days.
2. Upon receipt of any comments, additional information, etc., the JPOIG may choose to take additional actions to supplement the correspondence or to finalize the document.
3. Once the document is finalized, the JPOIG will:
 - a. Submit the document along with any comments received to the Ethics and Compliance Commission, and
 - b. Forward a copy of the finalized document to original recipients.
4. The JPOIG will issue a public document after the issuance of the finalized document and the passage of at least five (5) business days.

The JPOIG believes that proper use of the confidential comment and review period provides for more complete and meaningful outcomes. The process also supports public transparency by culminating in a publicly released report that provides the citizens of Jefferson Parish with the opportunity to review the work of the office, along with the positions and responses of the recipients.

Goals

The JPOIG established several goals in the previous annual report, outlined below is the status of each. Of the six goals, there were two completed, three were the subject of significant action and should reach completion in 2016, and one goal has not been pursued due to staff constraints, but will be carried forward.

Initiated 2014	Complete the acquisition of and implementation of case management and audit management software is now complete.
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Complete Column Technologies was selected through an RFP process in December of 2014. System architecture, development, integration, and training occurred throughout 2015. The system has gone live.

Initiated 2014	Complete an internal framework to document compliance with professional standards in anticipation of future peer review.
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Complete An internal framework of written policy has been established addressing compliance in anticipation for peer review by the AIG. With the addition of the case management systems compliance tracking component to document compliance with audit and other standards the office will be prepared for Peer Review in 2017.

Initiated 2014	Complete the review of the existing JPOIG ordinance, suggest modifications to the Ethics and Compliance Commission and seek the support of the Parish Council and Administration.
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Complete During 2014 JPOIG participated with the ECC's Ordinance Review Committee to consider several areas where the relevant ordinances require adjustments to either accomplish the intended purpose and/or more fully reflect the state enabling legislation. Working with the Parish Council 2 of the 3 recommendations were passed 2015 as follows:

- Quality Assurance- Revisions addressing review of Inspector General work product. Passed
- Records Disclosure- Revisions bringing records disclosure in line with State law.
- Confidentiality of JPOIG Draft Reports - Provision clarifying responsibility to maintain confidentiality. Failed.

Initiated 2014	Develop an internal training block on the JPOIG that may be used for new Parish employee orientation and continuing education of existing staff.
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Ongoing We have established an orientation-based presentation regarding the JPOIG that is suitable for presentation to both new and existing employees. However, at this time we have not requested inclusion in the employee orientation process due to staffing concerns. This objective was carried over into 2016.

Initiated 2015	Initiate tracking cases across performance metrics pertaining to processing time, staff work load, complaint source, and referrals.
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Ongoing The Case Management System (CMTS) was designed and implemented in a manner that tracks and reports on data directly correlative to this goal. The tracking of this data within routine case management was initiated in January 2016.

Initiated 2015	Initiate tracking of results to include funds questioned, saved, and recovered; as well as, recommendations accepted and rejected.
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Ongoing The Case Management System (CMTS) was designed and implemented in a manner designed to capture this data. The inclusion of this data within routine case management was initiated in January 2016.

Initiated 2015	Track and report on follow-up reviews to verify the implementation of accepted recommendation and assess the impact of those adjustments where feasible.
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Ongoing The Case Management System (CMTS) was designed and implemented in a manner designed to capture this data. The inclusion of this data within routine case management was initiated in January 2016.

Annual Work Plan

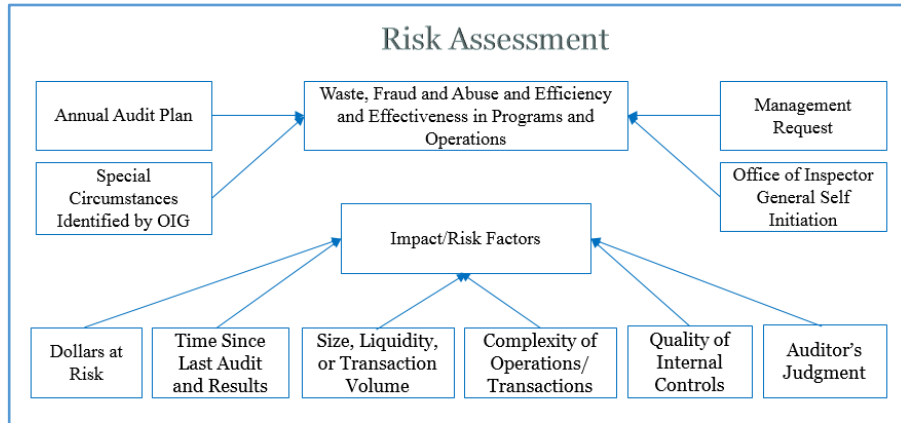
The Jefferson Parish Office of Inspector General (“JPOIG”) has implemented an Annual Work Plan in accordance with the mandate set forth in the Jefferson Parish Code of Ordinances § 2-155(17). The Annual Work plan includes:

- (a) Risk assessment criteria used in establishing the work plan;
- (b) A schedule of projects and anticipated completion dates; and
- (c) Quality assurance procedures planned for implementation.

Risk Assessment

The risk assessment is a process used for assessing and integrating the professional judgement of the office about the probability of the existence of adverse conditions and/or events. Based on the results, the Audit Staff prioritizes audits for consideration. The schedule of audits is impacted by new information and investigative audit demands. Therefore, the schedule will be reassessed annually and should be viewed as an ongoing process.

Pursuit of the audit plan is impacted by human resources restrictions and competing demands driven by information received from various sources. The result has been that a substantial amount of our available resources are tasked with efforts emerging from the tips and leads received, which has restricted the ability of the office to engage in substantial audit would under the plan.



Schedule of Projects

The audit universe is comprised of three-hundred and seventy-one (371) identified auditable units. Our goal for current 2015/2016 period includes seven (7) proposed audit areas including:

PROPOSED AUDITS AREAS

1. Contracts
2. Cash & Inventory
3. Fire Districts
4. Public Improvement/Assistance Funds
5. Federal & State Funding
6. Dedicated Property Taxes
7. Not-For-Profit Entities

AUDITS IN PROGRESS

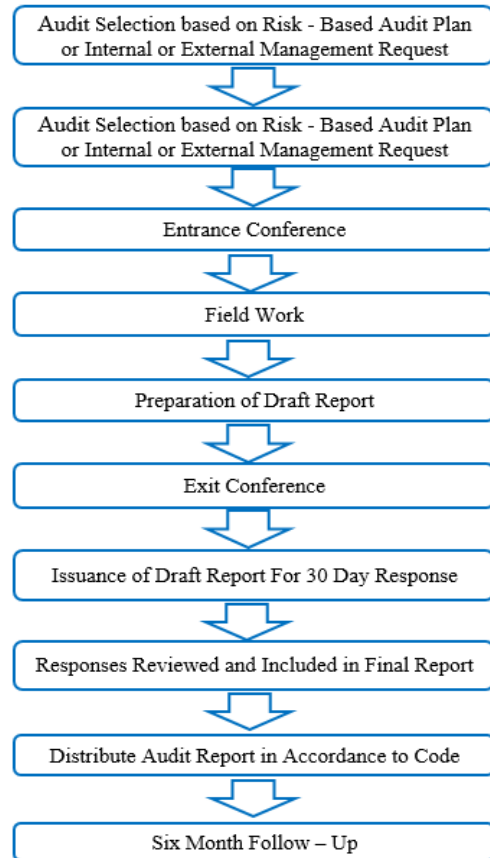
1. Greater New Orleans Foundation
2. Marrero Ragusa Volunteer Fire Co. No. 3
3. Marrero Estelle Volunteer Fire Co. No. 2
4. Rickey Jackson Hope Center - Courage House
5. Consultant Billing (Nemzoff/Hogan Lovells)
6. Grand Isle Fire Company
7. Terrytown Booster Club
8. Exempt Employee Overtime Follow-up

To identify high risk areas for audit coverage, we relied on discussions with Jefferson Parish Administration, our knowledge, professional judgment, annual budgets, the Comprehensive Annual Financial Reports (CAFR), other information obtained from the Finance Department, and our subjective assessment of risk.

Quality Assurance

The JPOIG work completed under this audit plan is subject to best management practices that form the foundation of a quality assurance and improvement program. These include partnering with management, monitoring staff performance through the use of computer-assisted case management, developing staff professionally, and external quality assurance peer reviews based on the standards of the Association of Inspectors General and the Institute of Internal Auditors.

As part of the internal quality assurance and improvement efforts, we review professional standards and implement internal policies and procedures; participate in various training and development activities; consistently strive to improve audit techniques, tools, and technology; and determine if it is appropriately supervised. Additionally, the Audit Section also reviews audit programs and report formats and performs internal peer reviews for the completeness of work papers.



Synopsis of Publically Released Reports, Audits, Reviews, and Monitoring Activity

The JPOIG published the following public reports during the reporting period and questioned the expenditure of \$2,256,968.72:

2014-0023 Handling of Confidential Information - 01/08/2015

This investigative memorandum was related to the release of a JPOIG confidential memorandum to the media by a Council staffer via an unofficial private email account. The premature release of the report frustrates the purposeful confidential draft, comment and review process for JPOIG reports supported by state law and parish ordinance.

The report determined that there is no policy or procedure in place to guard against the placement or release of confidential Parish information onto private email accounts (i.e. AOL, Gmail, Yahoo, etc.) Failure to ensure Parish business is conducted on parish servers via Parish email severely limits transparency in parish government and represents a substantial barrier to the Parish's ability to comply with Public Records Requests and certain aspects of judicial discovery.

Further, it was determined that the Parish's policies are issued under the authority of the Parish Administration, and are therefore not binding on the Parish Council. Further, the policies as they existed were silent to the use of personal email accounts for conducting

Parish business. Recommendations were issued that would address gaps in both policy scope and applicability to the Council.

The Parish Council did not move to adopt the Administrative Policies, in whole or in part, as applicable to Council staff, nor was there any effort to implement Council specific policies. Parish President Young acknowledged the limited applicability of the policies, but amended Administrative Management Policy #513 to provide the following:

Employee email created, generated or received using the Parish's email server, which pertain to Jefferson Parish Government business may become public record regardless of their creation or generation using private computers, servers, or email systems. For tracking purposes, employees should always default to using the Parish email system for Jefferson Parish Government business, except where exigent circumstances mandate such use of private equipment and/or servers.

While stopping short of requiring Parish business be conducted via Parish accounts, the policy does raise the issues and direct action to default to Parish email absent exigent circumstances. Substantial weakness remains in the Parish's system. We remain encouraged by Councilman Zahn's stated intention to work with other entities towards the implementation of policies and procedures on media requests and the use of private e-mail and look forward to the culmination of those efforts.

2014-0029 Funding of the Constables and Justices of the Peace -03/11/2015

An investigation onto the funding of Parish Constables and Justices of the Peace (C/JOP's) was initiated based upon information from the Metropolitan Crime Commission. The investigation generally determined that Jefferson Parish's cost to support the Constables and JOPs exceeded state mandated costs by \$501,544.72 as follows:

- Salary \$312,000
- Personnel Benefits \$116,552
- Non-Personnel Benefits \$15,983
- Fair Market Value (FMV) of Parish Office Space \$57,009.72

Salaries

Under Louisiana's system C/JOPs raise funds through various fees for services. In addition, State law requires the Parish to pay a salary of not less than \$900/year, and provides that the State will match any salary paid by the Parish up to \$1200/year. However, the Parish funds "administrative salaries" of \$20,400 to each Constable and each JOP for the eight Wards at a cost of \$312,000 per year to the Parish, excluding taxes and benefits or \$1,872,000 across a 6 year term. The level of compensation greatly exceeds that of any other Parish to wit East Baton Rouge Parish, a parish of comparable size, pays its Constables and JOPs an annual salary of \$3600/year.

C/JOP's Employment Taxes and Benefits

The JPOIG also found that the Parish assumes costs related to C/JOP salaries in the same manner as if the C/JOPs are employees of Parish government. The Parish spent \$116,552 in

2012 in personnel costs related covering Medicare, Social Security, JP Employee Retirement System, Parochial Retirement System, Health Insurance, Life Insurance and Unemployment Insurance for C/JOPs.

Other Operational Costs and Training/Travel

In addition to providing office space, the JPOIG found that the Parish is also supplementing some C/JOPs other operational costs, e.g. computer and telephone, as well as training and travel expenses for a combined \$15,983 per year or \$95,898 across a 6 year term.

Parish Office Space

The Parish is providing office space to the 1st, 2nd, and 5th JOPs. The JPOIG found a lack of documentation regarding the physical occupancy and fair market value associated with the occupancy. The value of the office space provided by the Parish to the 1st, 2nd, and 5th JOPs is estimated to be \$57,009.72 per year based on fair market value, or \$342,058.32 across a 6 year term.

The Parish's response was lengthy and complex; however, the Parish acknowledged several areas which merited review. In large part, the question often comes to whether the Parish may pay additional costs as opposed to minimizing non-mandatory expenses. To date the JPOIG is not aware of any review or modification that would result in savings.

2013-0003 Exempt Employee Overtime Audit - 04/15/2015

An audit was conducted of overtime compensation paid by the Parish to "exempt" employees. The relevant time period for purposes of this audit is calendar year 2013. During that time there were approximately 3,391 Parish employees of which 495 were classified as "exempt," or "E".

The audit determined that the Parish expended nearly \$7 Million in overtime pay.⁷ Twenty-two percent (22%) of overtime paid, or approximately \$1.5 Million, was paid to 195 exempt employees (40% of Parish exempt employees or 5.8% of all Parish employees).⁸ We found that much of the overtime expended was the result of inconsistent policies, inconsistent interpretation, and current management practices.

The JPOIG found that considerable potential cost savings exist and made a series of recommendations that would, in part, remove policy inconsistencies; utilize flexible schedules and shifts to meet the Parish's needs and reduce overtime; eliminate or minimize stand-by in the exempt class; pay only for time actually worked on call outs;

The JPOIG questioned the 1.5 million per annum expenditure to exempt class employees. However, we understand under the Parish's system there are instances where some overtime may be required in the exempt class. Nevertheless, the Parish has an opportunity to realize substantial savings by addressing several areas impacting exempt employee overtime use. With a 75% reduction in exempt overtime the Parish would realize an annual savings of more than \$1,307,000. Further, the report outlined a long standing FLSA

⁷ \$6,925,065 was paid in overtime compensation.

⁸ \$1,493,129 was paid to exempt employees.

payment calculation error, which was corrected in 2014, that had resulted in an average of \$467,606 in overpayment annually between 2003 and 2012.

The responses received to this audit demonstrated the complexity of the issue and any meaningful solution. Ultimately, the issue will involve compliance with existing policy, policy clarification, increased management, shift and hour adjustments, pay studies, classification reviews, and coordination of solutions by the Parish Council, Parish Administration and the Personnel Board. The Personnel Board modified the manner in which hours were rounded to reflect a more accurate time keeping methodology although improvements are still viable.

2014-0020 Vehicle Surplus and Donation - 07/21/2015

A review was initiated of Parish vehicles which were disposed as surplus property following information provided by an elected official of the Jefferson Parish government. The review determined that Parish owned vehicles were being transferred or alienated in a manner that was noncompliant with Parish ordinance and/or policies. Further, the Parish has on numerous occasions donated Parish owned vehicles to other political subdivisions without adequate documentation or justification resulting in questioned costs in the amount of \$255,424.

The actions reviewed involved compliance with a surplus property policy issued by the Parish President to be implemented at the department level and donative actions taken by the Parish Council. Significantly, it was found that while the Parish ordinances address the sale of surplus property, it is silent to donation. Further, that the Parish administrative policy intended to direct the surplus process was not implemented by the General Services department that was primarily responsible for the surplus program.

During the review period the JPOIG found, in part, that:

- Two (2) transit buses valued at a total of \$160,222 were purchased and immediately declared surplus. The buses were declared surplus via Council resolution and transferred to Grand Isle and Jean Lafitte. The vehicles were transferred to both towns without proceeding through the Surplus Property Division.
- Jefferson Parish Code of Ordinances does provide for the disposition of Parish assets deemed surplus by donation. The ordinances only provides guidance regarding the sale of Parish assets. As such, Parish vehicles are donated without any established donation procedures. The lack of donation protocol/procedures prevents effective oversight over Parish assets.
- During 01/01/2012 – 12/31/2014, the Parish Council approved the donation of 20 Parish vehicles valued at \$255,424. Here, the vehicles were originally acquired by Parish departments which are funded through dedicated millage revenue. Therefore, the proceeds from the sale of property should have been paid back to the department. As a result of the donation, no such return was made to the departments.
- Parish surplus vehicles were transferred to outside entities without proceeding through General Services' Surplus Property Division.

- Parish vehicles have been donated to entities upon Parish Council resolutions authorizing an act of donation. However, there is no attendant conditions to donation that ensure donation is not in violation of Louisiana Constitution Article 7, Section 14 (E).

Our recommendations focused on ensuring surplus property is disposed of in manner compliant with Parish ordinance; coordination of policy between the Parish Council and Administration; ensuring that all surplus assets be processed through the Surplus Property Division; routing all requests for surplus property from municipalities to the department of General Services; inclusion of criteria in the resolution/act of donation regarding the proper usage of vehicles including, but not limited to, (1) the political subdivision receiving the asset; (2) the public safety function for which the asset is to be used; and (3) an attestation regarding the parameters of use from the receiving entity.

Open Letter on BP Settlement Funds Monitoring and Tracking- 08/24/2015

In August 2015 the JPOIG authored an open letter to the Jefferson Parish Council regarding our intention to track the Parish’s expenditure of the \$53.1 million dollars received by the Parish as a result of the BP Deep Water Horizon oil spill. Further, the JPOIG specifically requested creation of account(s) codes that would facilitate this effort. The Department of Finance indicated their intention to support this request. The effort was designed to enhance transparency and accountability relative to the use an application of funds received.

The JPOIG initiated tracking these funds in November 2015 and began posting the results publically on www.jpoig.net, the site is updated monthly. Chart #3, shown below, relates the Parish’s net revenue, approximately \$41.3 million dollars, after attorney fees and expenses. Further, the chart reflects the distribution of the funds between the five Parish Council Districts, allocated approximately \$35 million dollars, and 28 Parish special administrative districts, splitting \$6.3 million dollars.

<u>Initial BP Settlement Breakdown</u>		
Attorney's Fees	\$	11,700,000.00
Council District Projects	\$	35,031,277.25
Jefferson Parish Administration Projects	\$	<u>6,320,849.95</u>
	\$	53,052,127.20

Hospital Lease Negotiations and Monitoring-

The JPOIG initiated monitoring of the Parish’s efforts to lease the West Jefferson Medical Center (WJMC) and East Jefferson General Hospital (EJGH) in August 2013. This process continued throughout 2015, a period in which the WJMC was successfully leased to the Louisiana Children’s Medical Center in deal worth as much as \$563 million dollars. The potential is as follows: \$200 million dollar upfront lease payment for 45 years, \$340 million dollars in capital improvements to the hospital in the first 15 years of the lease, \$3.15 million dollars in community benefit payments from LCMC, as well as, up to \$20 million dollars in potential hospital performance payments.

During the process the JPOIG has monitored negotiations, communications, contracts and costs associated with retained experts among other efforts. During this period, and when deemed appropriate the JPOIG advised or provided information to the Parish Attorney and the Parish Council.

Operational Activity

The JPOIG received and evaluated tips throughout the reporting period. Where information was sufficient, complaints were logged and additional actions taken where appropriate. The JPOIG logged 49 complaints in 2015, as compared to 54 in 2014 and 32 in 2013. Utilizing the three years of data we find an average of 45 complaints annually, indicating that the complaint level of 49 is within the expected range.

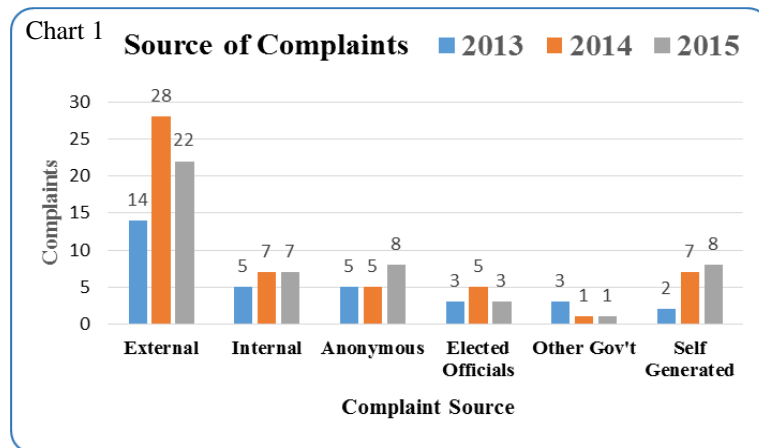
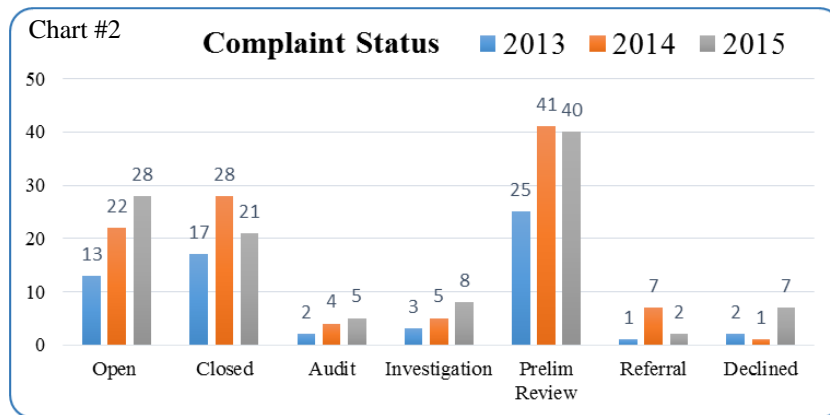


Chart #1 reflects the source of the information received. The 2015 data reflects fairly similar allocation patterns as those seen in the previous two years. The single largest significant shift is seen in the reduction of complaints from external sources down 6 from a high in 2014 of 28 to 22 in 2015.

There continues to be a slight increase in the level of self-generated complaints, which reflect an increasing level of review initiated by JPOIG staff.

We turn now to look at the handling of the complaints logged throughout the year. See Chart #2.



The most significant trends observed are seen among the ratio of open and closed 2015 complaints. The data reflects an increase of 6 open complaints, or 27%, from the prior year. In a related manner the data also reflects a decrease of 7, or 25%, in closed complaints. Overall the trend reflects fewer of the complaints received in 2015 reaching a final dispositive resolution than seen in 2014.

Operationally, the most time consuming functions performed are those of audit and investigations. In those areas, it is not uncommon for individual cases to span many months, and on occasion, several years before being concluded. The data reflects increases in the level of complaints being elevated to an audit or investigative assignment. Further, at each category has risen year over year since the offices inception. Considering the audit and investigative assignments together, we see they have risen from 5 in 2013, to 9 in 2014, and finally to 13 in 2015. Thus, the trend has been an increase of 160% since 2013 in the level of complex and long term assignments. Lastly, the number of complaints assigned to an initial preliminary review has remained consistent at 40 in 2015 with the 41 observed in 2014.

Finally, we turn to those complaints that are either declined or are referred. A complaint is typically declined due to lack of authority or jurisdiction over the subject matter or based upon judicial action. Considering the referral and declined status together, we see they have risen from 3 in 2013, to 8 in 2014, and finally to 9 in 2015.

Complaints are often referred to a parish department when the subject matter does not involve fraud, waste or abuse of the nature that the JPOIG will engage or when there is an outside entity tasked with addressing the issue. In some cases, a complaint will be declined and referred in an effort to assist the complainant in finding a solution.

How We Will Measure Success

The case management system is being configured to permit the reporting of additional performance metrics in the areas of efficiency, effectiveness, outcomes and outputs. These measurements will permit the JPOIG to track and report consistently over future reporting periods, as well as, provide managers with the real time case status and case load necessary to more effectively manage staff. We intend to report across the following areas:

Efficiency

1. Number of cases (audits, investigations, performance reviews) per available work year.
2. The relationship between actual cases worked and all incoming tips and the ratio of referrals.

Effectiveness

1. Percentage of recommendations accepted or considered as adding value to the subject department, agency or office;
2. Percentage of tips assessed within 7 business days; and
3. Percentage of preliminary reviews completed in 45 days.

Outcome

1. Funding reviewed, questioned and saved;
2. Types of referral made; and
3. Number of tips or leads developed via all sources.

Output

1. Number of Parish residents addressed by the JPOIG.
2. Number of Employees briefed or trained by JPOIG staff.

(As of 03/31/2016)

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Gina Dabdoub

Administrative Assistant

Kim Chatelain

1st Assistant Inspector General

Vacant

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