

OFFICE OF INSPECTOR GENERAL JEFFERSON PARISH



FOLLOW-UP OF HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY

2016-0013

FOLLOW-UP REVIEW
ISSUED 11/20/2020



OFFICE OF INSPECTOR GENERAL
JEFFERSON PARISH

DAVID N. MCCCLINTOCK
INSPECTOR GENERAL



November 20, 2020

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Audit #2016-0013's Follow-Up Audit of Herbert Wallace Memorial Volunteer Fire Company, dated 02/15/2017

The Jefferson Parish Office of Inspector General (JPOIG) conducted a **follow-up review** of the **Audit of Herbert Wallace Memorial Volunteer Fire Company (HWMVFC) #2016-0013, dated 02/15/2017**. Follow-up reports do not result in new findings or recommendations. Follow-up reports monitor the implementation of recommendations previously made. The review demonstrates that the two recommendations remain unresolved. Resolution of the issues fall primarily with the management of Herbert Wallace Memorial Volunteer Fire Company. As a result, the JPOIG will consider a full audit of HWMVFC.

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 Herbert Wallace Memorial Volunteer Fire Company 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

DAVID N. McCLINTOCK
INSPECTOR GENERAL



Date of Report: 11/20/2020	PUBLIC FOLLOW-UP REVIEW	Case: 2016-0013
Period of Review: 1/01/2020 – 06/30/2020	Report By: JPOIG Staff	Status: Final
<u>Subject of Review</u> Herbert Wallace Memorial Volunteer Fire Company		

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 2016-0013 dated 02/15/2017. 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	HWMVFC	Herbert Wallace Memorial Volunteer Fire Company

INTRODUCTION

The focus of the original audit report was a review of Herbert Wallace Memorial Volunteer Fire Company’s (HWMVFC) payroll records and payroll policies and procedures. 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 HWMVFC. 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 (Parish).

BACKGROUND

On 02/15/2017, the JPOIG issued a public report titled, “Herbert Wallace Memorial Volunteer Fire Company.” A copy of the full report can be located at the JPOIG’s website. The report’s audit period was 06/22/2013 – 07/01/2016. The audit resulted in 2 findings related to the lack of internal controls over payroll and compliance. Unpaid overtime for the audit period totaled \$67,980.47. Follow-up reports do not result in new findings or recommendations.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objective

The primary objective of the follow-up review is to determine if the HWMVFC's management has effectively implemented the recommendations in the JPOIG's original audit report. 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 HWMVFC. 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 that relate to the original findings and recommendations. 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 HWMVFC;
- Interviews with the HWMVFC's management to determine if corrective action plans have been effectively implemented since the issuance of the original report; and
- Research and analysis of payroll records.

The table below summarizes the transactions tested.

Table 1					
2020 Transaction Testing Statistics					
Testing Category	Transactions Tested	Dollars Tested	Exceptions Noted	Exception Reasons	Gross Pay Amount
Payroll	52	\$195,297.30	8	Incorrectly calculated timesheet hours, incorrect pay to employee	\$32,718.10

The JPOIG recalculated 52 payroll transactions, and verified the calculations. Exceptions were noted.¹ The JPOIG suggests that the HWMVFC 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	Compliance with Fair Labor Standards Act.	52		×	
#2	Preventive controls over time cards	52		×	

¹ To calculate the total amount of exceptions noted, the gross pay for each employee was used for the pay period in question.

As both findings were unresolved, the JPOIG will consider engaging in a full audit of the HWMVFC.

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 JPOIG’s audit report numbered 2016-0013 dated 02/15/2017, below is a summary of the JPOIG’s recommendation, the Parish’s response, and actions taken to determine if the finding has been resolved.

Finding #1	Failure to follow the Fair Labor Standards Act regarding overtime.	Unresolved
JPOIG Recommendation		
Strictly adhere to all applicable sections of the FLSA and all related federal rules.		
HWMVFC’s Response		
N/A		
Validation Results		
The HWMVFC’s employee payroll records were tested to validate if the hours worked by employees and the amount paid were accurate. In 1 instance, the total hours on the employee’s time sheet were calculated incorrectly leading to additional overtime pay. In 4 instances, despite having reached the overtime hourly threshold for the pay period, an employee’s hours recorded for training were paid at the employee’s regular pay rate. According to the HWMVFC management, it has been their practice that pay for training is separate from the employee’s normal work duties. Therefore, the training hours are exclusive of hours worked leading to overtime in any given pay period. In 2 instances, the employee was incorrectly paid for state overtime hours. In 1 instance, the employee was not paid for the total hours recorded on the time sheet. Due to the number of exceptions noted regarding overtime hours and amounts paid, the JPOIG has determined this recommendation to be unresolved.		

Finding #2	Preventive controls over all employees' time cards not in place.	Unresolved
<p>JPOIG Recommendation</p> <p>Because the administrator works part-time, irregular hours at the HWMVFC, the following is recommended:</p> <ol style="list-style-type: none"> 1. Whenever possible, the current shift supervisor should initial the starting and ending work times on the administrator's time card. 2. If work is done away from the fire station, there should be a written explanation of the work as well as the times started and finished. 3. Continue to require a board member approve the completed time card in writing. 		
<p>HWMVFC's Response</p> <p>N/A</p>		
<p>Validation Results</p> <p>Due to the validation results for Finding #1 and the lack of written payroll policies and procedures, the JPOIG has determined that the internal controls over employee time cards and the payroll process are not sufficient. Additional policies and preventive internal controls are needed to ensure accurate time sheet recording as well as accurate pay to employees. Therefore, the JPOIG has determined this recommendation to be unresolved.</p>		