

Jefferson Parish

2016 Annual Report

Office of Inspector General



David N. McClintock
Inspector General



OFFICE OF INSPECTOR GENERAL JEFFERSON PARISH

DAVID N. MCCLINTOCK
INSPECTOR GENERAL



March 31, 2017

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) 3rd Annual Report. The report addresses activities occurring during the 2016 calendar year. We are moving into our 4th year of operations and continuing to refine our relationship with the Parish. The resilience of the office in dealing with various efforts to restrain and restrict our access to information is a testament to the resolve of the JPOIG staff, as well as the prudent work of the Ethics and Compliance Commission (ECC) in providing a firm foundation for the office in advance of my initial appointment in 2013.

As a non-native of Louisiana, I have learned that Louisiana's history of political hijinks is both long and colorful. I have also come to realize that the public apathy toward this mindset in Jefferson Parish is eroding. We hear the increasing calls for change from the public, business and many within government itself. Cultural change is a long-term process in any venue, and particularly difficult in government.

The work of this office over the past few years has generated substantial opportunities for cost savings and more fiscally prudent policies. This year we questioned \$8.1 million in expenditures and made many recommendations. Sadly, as in previous years, the Parish has not implemented a majority of these recommendations. This year we have seen some significant promises made by the Yenni Administration, mainly in the area of volunteer fire companies. If implemented these will result in significant cost savings and enhanced fiscal controls. In 2017, we will conduct follow-up reviews to assess whether changes have been made and any resulting impact.

The JPOIG works directly for the benefit of the citizens of Jefferson Parish. I respectfully ask for your participation and active support in ensuring public accountability of Parish government. No influence on government can be as great as the collective voice of the public.

While the waters are sometimes turbulent, and there surely remain struggles ahead, the staff of the JPOIG remain fully committed to our mission. Please visit www.jpoig.net for synopses of our audits, investigations, reviews and findings.

Very Truly Yours,

A handwritten signature in blue ink that reads "David N. McClintock".

David N. McClintock

QUICK FACTS

2016 JPOIG BUDGET

\$1.28 MILLION

STAFF OF 11

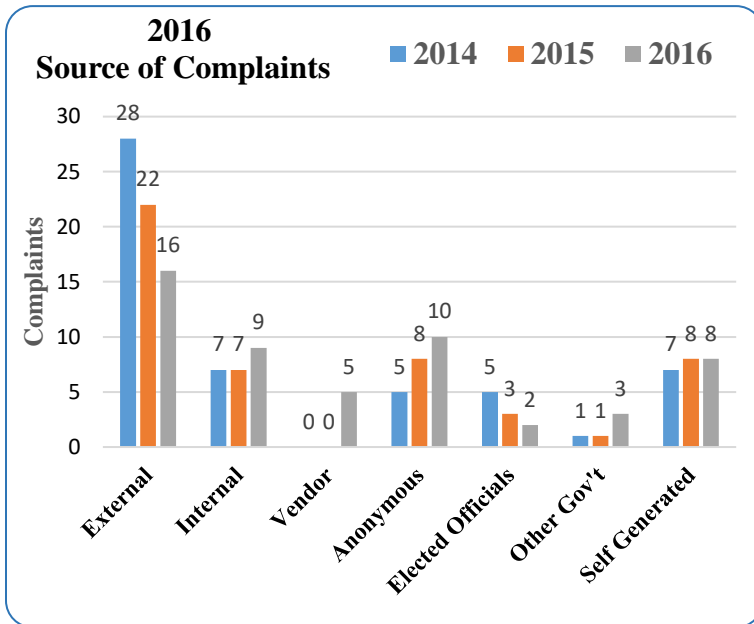
\$8.1 MILLION

IN FUNDS QUESTIONED
FOR 2016

\$624.1 MILLION

IN FUNDS MONITORED
2016

WHO TALKS TO THE JPOIG?

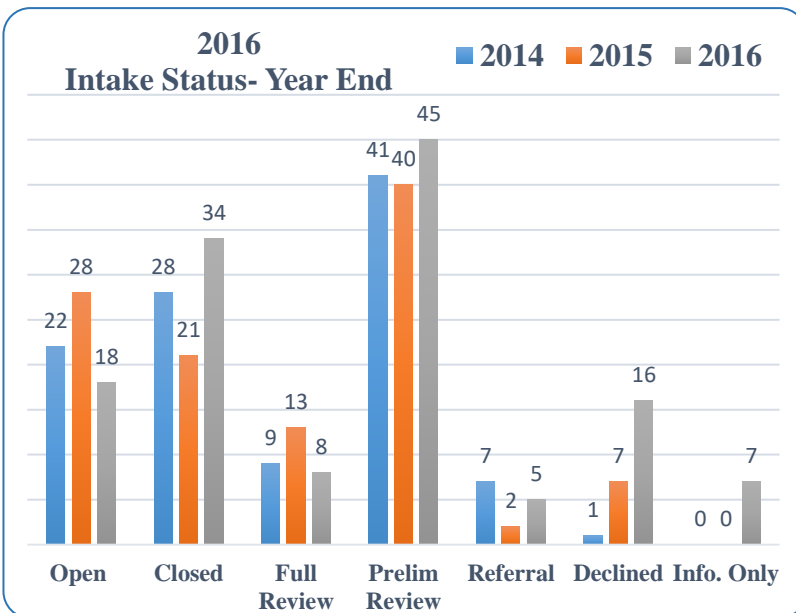


53 New Complaints

In addition to self-generating reviews based on information we develop, the JPOIG logged 53 complaints from the public, employees, elected officials, and others in 2016. The vendor category was initiated this year. We are glad to see the broad engagement of the JPOIG.

Information is Our Environment!

Working through information received and assessing it against the law, Parish policy, and best practices is central to our mission of identifying fraud, waste and abuse. While we wish we could audit and investigate every complaint with merit, the selection of cases to pursue is ultimately dependent upon available resources.



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 third annual report of the Jefferson Parish Office of Inspector General.

REPORTING PERIOD

The JPOIG Annual Report is due each year on March 31st and covers activities of the preceding calendar year, in this case 2016. 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.¹ In addition, the statutes provide for 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.

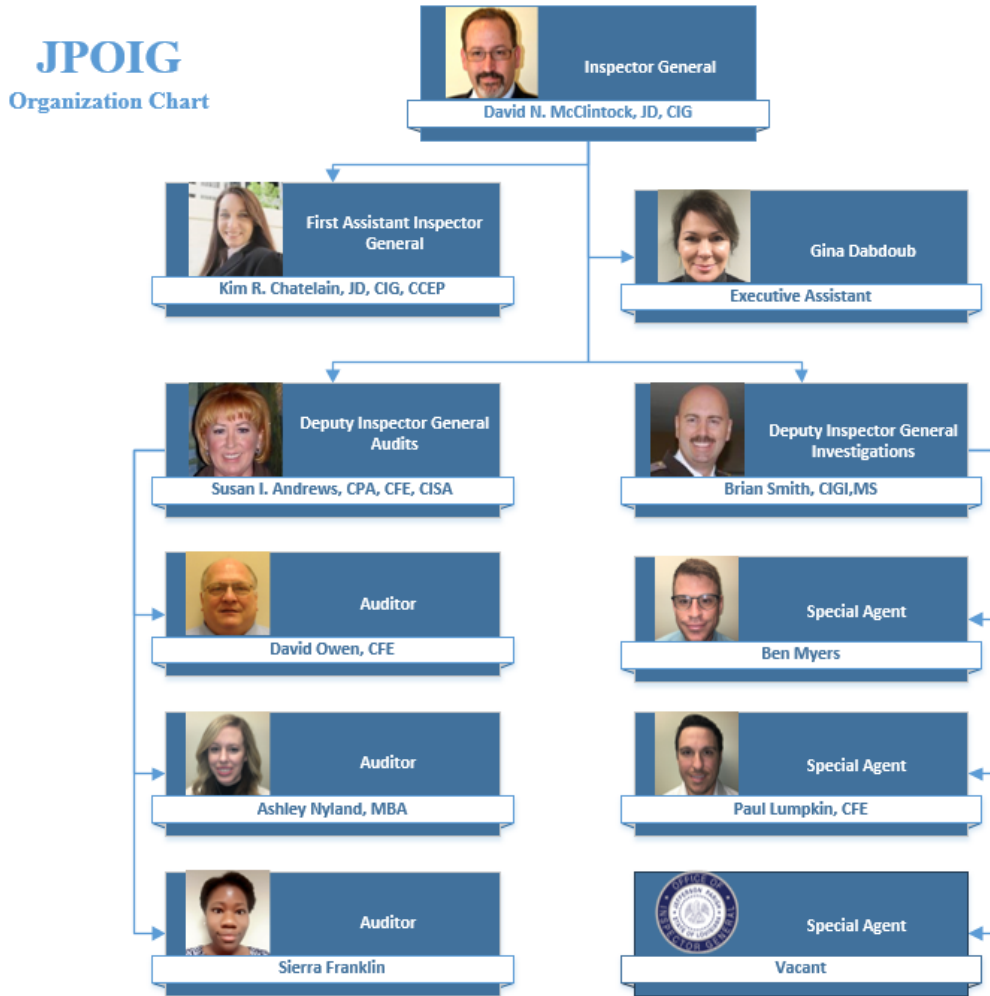
Jefferson Parish Code of Ordinances (JPCO) 2-155.10

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.

¹ L.A. R.S. 33:9611(A).

OFFICE ORGANIZATION AND STRUCTURE

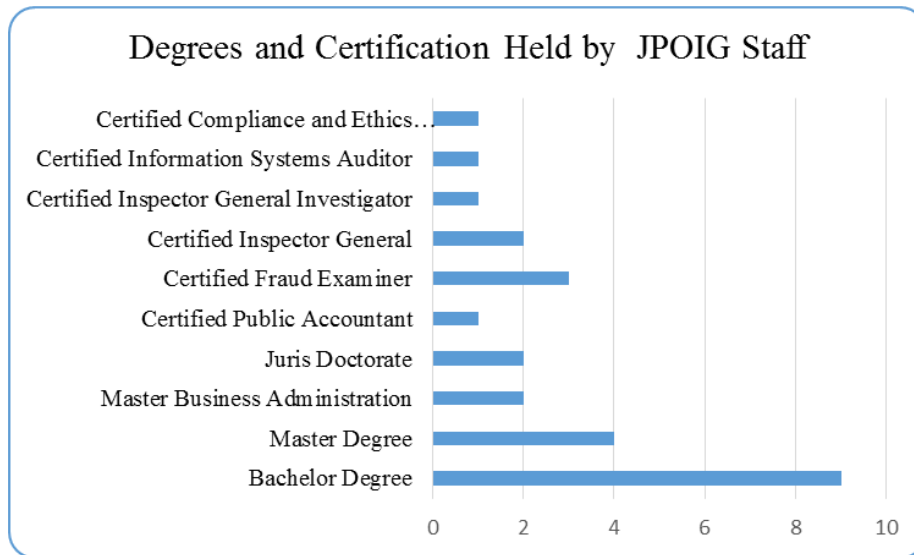
The Inspector General has organized the JPOIG into two sections: (1) Audit and (2) Investigations. The functions and operations of the office are supported through 11 staff positions which include; a 1st Assistant Inspector General and two Deputy Inspectors General. The following Chart reflects the status at report issuance.



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 above.

The efficient operation of an office of inspector general in a local government environment necessitates the utilization of common core services of the Parish. Like other Departments of the Parish the JPOIG utilizes those ministerial and support services such as: human resources, payroll, purchasing, and general services. Utilizing these functions permits the office to apply our limited resources to positions and functions that directly support our operationally independent functions.

The JPOIG staff represents professionals with diverse skills sets who collectively possess the capacity to execute assignments across areas of review. The following chart depicts the education and certification level of the collective JPOIG staff at report issuance.



Current position levels are consistent with current revenue and adequately support the investigative and audit function. Current funding levels do not support the retention of additional 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.² Additionally, we have adopted the audit standards published by the Institute of Internal Auditors (the “**Red Book**”).

In order to assure that the office develops and maintains applicable standards, the office is required to undergo ‘peer review’. Peer review operates on a three-year cycle. This report marks the end of our third year of operation, and we will be seeking independent peer review in 2017.

² 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*

BUDGET/FUNDING 2016

Take Aways

-  Received total revenue of \$1,281,918 and expended \$1,068,813.
-  Completed 2016 with a \$1,213,966 fund balance. (Reserve)

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.³ The tax was first levied in 2013.

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 FY2016, the JPOIG's notable areas of expenditure were:

- \$839,043 in employee salary and benefits.
- \$50,513 associated with the procurement of the case management tracking system.

JPOIG –ECC Combined Financial ⁴

	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals
Beginning Fund Balance	22,129	89,148	1,009,770	1,000,861
Millage Related Revenues				
Ad Valorem (Millage)	1,212,849	1,240,333	1,254,385	1,263,831
Ad Valorem - Back Taxes	-	7,055	2,577	1,337
Subtotal	1,212,849	1,247,387	1,256,962	1,265,168
Other Funding				
Interest on Account Funds	3,571	5,519	11,573	16,750
Other Financing Sources	-	-	-	-
Total Revenues	1,216,420	2,051,015	1,268,535	1,281,918
Expenditures				
Expenses	1,149,401	1,130,393	1,277,444	1,068,813
Other Financing Uses	-	-	-	-
Total Expenditures	1,149,401	1,130,393	1,252,444	1,068,813
Ending Fund Balance	89,148	1,009,770	1,000,861	1,213,966

³ Jefferson Parish Charter 4.09 (D)(1).

⁴ Amended 04/30/2021.

INTAKE, REVIEW AND REPORT ISSUANCE

Takeaways

 THREE PHASE REVIEW

Information received is considered under a progressive 3-phase process.

1. Initial intake/receipt,
2. A preliminary review, and
3. A full audit or investigation.

 DRAFT, COMMENT AND REVIEW

Investigative and Audit reports are provided to the Parish for a 30-day review and comment period prior to issuance, ensuring an opportunity for review and comment before becoming public.

The JPOIG has established a process that allows information to be vetted both quickly, and, when merited, through a progressively refined and intensive effort. While an initial review is completed within days of receipt, those cases accepted for investigation and audit may not be completed for six-months, or more, depending on case complexity and resources available. The process potentially involves three phases: Intake, Preliminary Review, and Investigation/Reporting.

GOALS

Takeaways

 Five Goals:

2 @	100%	Case Results & Performance
1	95%	Policies and Procedures
1	50%	Follow-up & Tracking on Issued Reports
1	10%	Parish-wide Training

Established Goals - % of Completion



Written Policies and Procedures: Expand the initial Administrative Policies & Procedures (APP's) originally developed in 2013, into a comprehensive and permanent framework.

The JPOIG has engaged in a comprehensive review and rewrite of policies and procedures. The expanded policies are tied to applicable national standards and are complemented with Standard Operating Procedures (SOP's) to support for investigations and audits. The policies are in the final stages of review and editing.

JPOIG Training Outreach: Develop a training/orientation program on the JPOIG for all Parish employees to support the continued development of a fully ethical and transparent Parish government.

Staffing and resource limitations have, so far, prohibited implementation of the desired training. In 2016, with the support of the Yenni Administration, we were paired with the Human Resources Department and the Public Information Office, who will provide support in developing a video-based training and testing module.

Performance Metrics Captured: Initiate tracking of cases across established performance metrics related to staffing, work load, and processing statistics.

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.

Case Result Metrics Established: Initiate tracking of case results to include:

- Funds questioned, saved, and recovered,
- number of recommendations accepted and rejected, and
- recommendations actually implemented.

The Case Management System (CMTS) was designed and implemented in a manner to capture this data in a reportable manner. The inclusion of this data within routine case management and supervisory monitoring was initiated in January 2016.

Follow-Ups: Track and report on follow-up reviews to verify the implementation of accepted recommendation and assess the impact of those adjustments, where feasible.

Routine case management was initiated in January 2016. Follow-up work is in progress with results issued during 2017.

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:

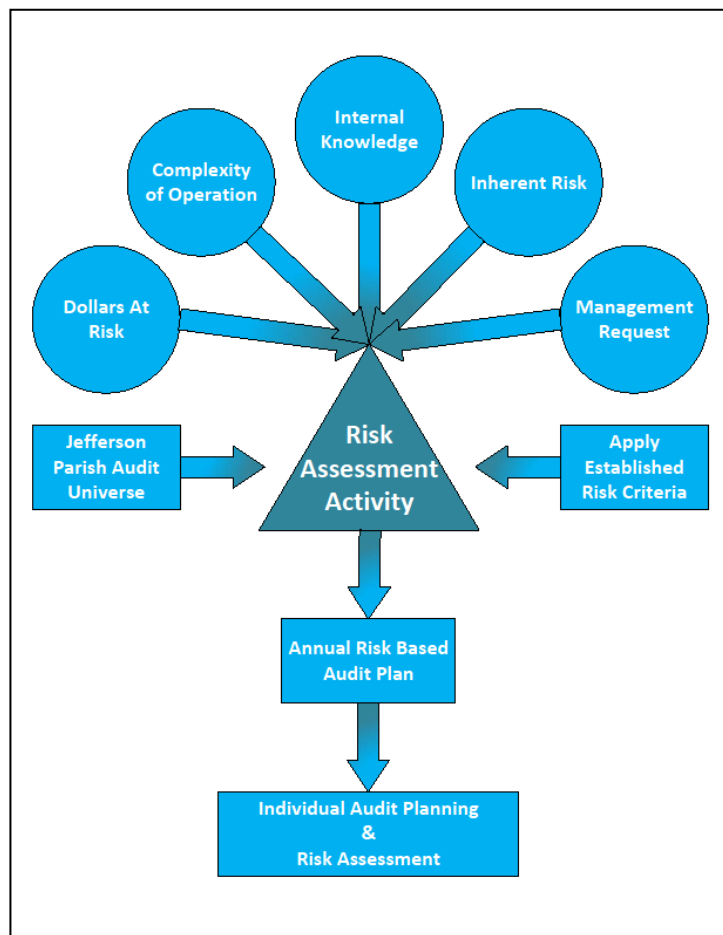
- (a) Risk assessment criteria used in establishing the work plan;
- (b) A schedule of projects and anticipated completion dates; and
- (c) Quality assurance procedures planned for implementation.

Risk Assessment

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.

To identify high risk areas for audit coverage, we relied on discussions with Jefferson Parish Administration, and 12 key, pre-defined, risk criteria which were ranked and weighted based upon our subjective judgement of Parish operations. The risk assessment process is shown below.

Pursuit of the audit plan is impacted by human resource 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. These complaint led audits and projects demonstrate the value many find in our independent oversight ability.



However, the complaint led efforts have resulted in a reduction in our ability to fully pursue the audit plan. In order to address both areas adequately, additional funding would be required to increase staff resources.

Schedule of Projects

The audit universe is comprised of three-hundred and seventy-one (371) identified auditable units. Our goal for the 2017 calendar year includes ten (10) proposed compliant audit areas:

Budget Function	Fund Type	Department	2016 Adopted Budget
Capital Projects	Capital Projects	Drainage	\$30,068,15
Financial Administration	General	Purchasing	\$1,011,239
Culture & Recreation	Special Revenue	Library	\$26,913,29
Financial Administration	General	Personnel	\$1,488,407
Public Works	Special Revenue	Consolidated Drainage #2	\$35,427,36
Financial Administration	General	Accounting and Payroll	\$1,612,803
Internal Service Funds	Internal Service	Central Garage	\$8,010,715
Culture & Recreation	Special Revenue	Video Poker Fund	\$485,870,
Grants	External	US Health & Human Services-	\$7,074,526
		Direct	
Capital Projects	Capital Projects	Water	\$10,691,00

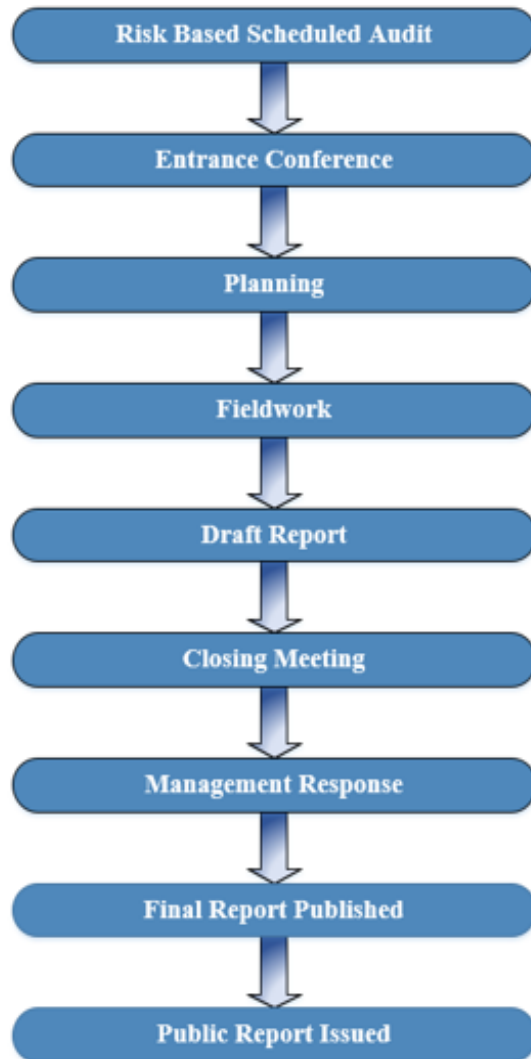
Compliant vs Non-Compliant Audits

As audits are assigned, and usually as part of the initial intake process, the Deputy IG Audits and the IG will determine if the audit will be performed as a traditional, compliant audit (in accordance with IIA standards) or as a non-compliant audit (performed as a limited review, for a specific and finite purpose). Non-compliant audits are normally limited in scope to the targeted area of operations and/or limited to a specific time-period or operational sub-component. Compliant audits are more comprehensive and are intended to cover an entire function, division or department within the Parish organization.

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 using computer-assisted case management, developing staff professionally internally and externally, quality assurance programs, and peer reviews based on the standards of the Association of Inspectors General and the Institute of Internal Auditors and conducted by qualified third-party individuals familiar with inspector general operations.

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.


Reports, Audits, Reviews, and Monitoring Activity Summary and Media

The JPOIG published the following public reports during the reporting period that questioned the expenditure of \$8,124,452. Additionally, two monitoring efforts continued through 2016 that involve a large lease of a public institution valued at \$563 million and the expenditure of \$53.1 million in BP settlement funds.

Funds Questioned and Monitored			
Date Issued	Case #	Description	Questioned Costs
2/17/2016	2015-0008	Audit: Exempt Overtime 2014 Follow Up	\$1,478,645
11/30/2016	2015-0003	Audit: Marerro Estelle VFC	\$1,489,916
11/30/2016	2015-0002	Audit: Marerro Ragusa VFC	\$746,022
3/8/2016	2014-0044	Audit: Terrytown Booster Club	\$33,737
3/23/2016	2014-0043	Audit: Grand Isle VFC	\$344,700
7/6/2016	2013-0023	Investigation: 3rd Hospital Supplemental Memo	\$3,866,000
4/18/2016	2014-0027	Investigation: Ricky Jackson	\$165,432
Total Funds Questioned:			\$8,124,452
4/19/2016	Position Paper	Proposed Legislation: SB 378 Funding Process - Jefferson Convention and Visitors Bureau	\$0
2016	Monitoring	Hospital Lease Negotiations and Monitoring	\$563,000,000
2016	Monitoring	BP Settlement Funds - Deepwater Horizon	\$53,100,000
			\$616,100,000
Combined Questioned and Monitored Costs:			\$624,224,452

2015-0008 Exempt Overtime Follow-Up – 02/17/2016

 \$1,478,645 in questioned overtime paid to exempt class employees.

 The Parish realized an actual savings of \$14,484 or 1% over the prior period's audit.

Continuing in a prior area of focus, the JPOIG conducted our second review of overtime compensation paid to “exempt” employees who are not required to be compensated for overtime by federal law.

The audit determined that the Parish expended nearly \$8.5 Million in overtime pay of which Eighteen percent (18%), or approximately \$1.5 Million, was paid to 249 exempt employees. The report determined that much of the overtime expended was the result of inconsistent policies, incorrect interpretation, and continued management practices. In this second review we found that many of the contributing factors remained the same as those cited in the prior audit. However, the Parish corrected an FLSA Pay calculation, thus cutting that specific expense by 80%; modified Personnel Rule 5.5; and adopted a revised rounding rule for all departments regarding time-keeping.

While all efforts taken by the Parish to address the issue are a positive, overtime costs have remained largely unchanged for exempt class employees. In fact, the Parish expended \$1,478,645 in 2014 representing only a small savings of \$14,484 over 2013 expenditures. Considerable cost savings potential continues to exist. A 50% reduction in exempt class overtime would yield more than \$850,000 in savings to the Parish.

Although under the FLSA exempt class employees are not required to be paid overtime, the JPOIG recognizes that emergency or unforeseen circumstances may render the payment of certain types of overtime, for limited purposes, and considers these reasonable. However, the Parish's structure does not render that assessment feasible. Central to solving this issue is proper documentation and support that is currently not required or is not maintained.

The responses received to this audit demonstrate the complexity of the issue and any meaningful solution. Ultimately, the Parish must continue to refine our collective policies to support consistency, require proper support be maintained, and ensure prior approval mechanisms concerning overtime expenditures to the exempt class. Significant change will not occur without a robust compliance and accountability element applicable to mid and senior level management.

Jefferson Parish still spending \$1.5M a year on overtime pay for employees not entitled to it, per IG report




New audit says no significant changes in Jefferson practices

The Advocate - March 5, 2016

“For the second time in less than a year, a report from Jefferson Parish Inspector General David McClintock’s office suggests that the parish government is spending too much money giving overtime pay to employees who aren’t eligible for it under federal law.”

“The report said one of the biggest reasons the parish did not save any money on overtime was its insistence on paying exempt employees — typically supervisors on salary — for any time they were away from the office but considered to be on stand-by.”

2015-0002 Marerro Ragusa VFC

-  \$85,060 in unallowable expenditures identified.
-  Improved Fire Protection District contracts, the primary vehicle for oversight, have not been implemented.
-  The Parish has not implemented substantial control improvements.

An Audit was conducted of the Marrero-Estelle Volunteer Fire Company No. 1 (“MEVFC”) for the FY2012, FY2013, and FY2014 period. The MEVFC receives approximately \$2.4 Million from the Parish annually. The audit noted, in part, the following unallowable expenses were made:

- bonuses and safe driving pay totaling \$43,761;
- groceries and restaurant meals totaling \$26,170;
- reimbursed personal prescription and medical deductibles totaling \$11,432; and
- flowers, funeral related costs totaling \$1,612;

It was also noted that the Fire Protection contract had been expired since 05/31/2014 and was being administered on a month to month basis. We were unable verify the accuracy, existence, and completeness of the MEVFC’s net equipment inventory which is valued at approximately \$1,342,232. We also questioned the procedures and controls in place for time keeping, banking, purchase of food and the process associated with renovations to Fire Station No. 84 totaling \$211,077 were also noted as an observation in the report.

\$85,060 was identified as unallowable expenditures. The MEVFC response acknowledges the issues raised in the audit and identifies specific corrections that either have already been implemented or are to be put into effect immediately.




Jefferson Parish IG cites more questionable expenditures by volunteer fire companies

The Advocate – Nov 30, 2016

“A pair of volunteer firefighting companies in Marrero spent more than \$154,000 in taxpayer money on improper expenditures including groceries, restaurant meals, get-well flowers, medical prescriptions and gift certificates, according to new reports from the Jefferson Parish Inspector General's Office.

The reports, released Wednesday by Inspector General David McClintock, marked the second time this year that fire companies in the parish were singled out for misspending public dollars.”

2015-0003 Marrero Estelle VFC

-  \$69,202 in questioned expenditures identified.
-  Improved Fire Protection District contracts, which is the primary vehicle for oversight, have not been implemented.
-  The Parish has not implemented substantial control improvements.

In accordance with our focus on Volunteer Fire Companies (VFC) an audit of the Marrero-Ragusa Volunteer Fire Company No. 1 (“MRVFC”) was conducted for the FY2012, FY2013, and FY2014 period.

The audit noted the following unallowable expenses were made:

- gift certificates purchased for members \$4,000;
- groceries and restaurant meals totaling \$42,936;
- reimbursed personal prescription and medical deductibles totaling \$4,969;
- late fees paid to various vendors totaling \$2,929; and,
- flowers cost totaling \$593;

It was also noted that the Fire Protection contract had been expired since 05/31/2014 and was being administered on a month to month basis. We were unable to verify the accuracy, existence, and completeness of the MEVFC’s net equipment inventory, valued at approximately \$603,520. We also questioned the procedures and controls in place for vehicle fueling, credit card use, food purchases, and petty cash.

\$69,202 in expenditures was questioned. The MRVFC response indicated that certain corrections were being put in place immediately. The Parish Administration’s response pledged to continue its efforts to put measures in place to better track and ensure that millage money is used correctly and cited work done to revise Fire Protection Agreements. The JPOIG notes that, to-date, a revised Fire protection agreement has not been implemented in any of the 13 VFC’s.




Marrero fire agencies spent \$150,000 on food, gifts, bagpiper, audits say

Times Picayune – November 30, 2016

“Two Marrero fire departments might have violated Louisiana law and state attorney general's office opinions by spending more than \$150,000 in public money on employee meals, gift certificates and other questionable expenses -- including a funeral bagpiper -- the Jefferson Parish inspector general's office said Wednesday (Nov. 30). The expenses included tens of thousands of dollars on meals, reimbursements for prescription medicine and more than \$1,100 in flowers for funerals and sick employees.”

“The audits from the inspector general's office fall "in line with several" previous reports that had prompted promises by Jefferson Parish officials "to implement substantial changes," Inspector General David McClintock said.”

2014-0043 Grand Isle VFC

-  \$344,700 in funds expended with inadequate documentation and or questioned.
-  Grand Isle VFC failed to respond to the audit.
-  Improved Fire Protection District contracts, which is the primary vehicle for oversight, have not been implemented.

The audit noted the following:

- The GIVFC comingled \$22,737 of GIVES funds with their own. Non-profit entities receiving dedicated funds must be able to track the specific expenditures to the dedicated purpose of either fire protection (GIVFC) or emergency services (GIVES) was lost;
- unsupported fuel purchases totaling \$5,840;
- unsupported groceries and restaurant meals totaling \$29,014;
- improperly supported payments for BP contract work, completed by a former employee, which also represented a conflict of interest in the amount of \$46,500;
- unsupported checks written to “cash”, per diem and vendor payments totaling \$789;
- unsupported hotel expenses during Hurricane Isaac totaling \$6,541;
- inadequate documentation on vehicle disposals valued at \$242,572;
- cell phone costs for non-firefighters and unidentifiable cell numbers totaling \$7,599;

No response was received from the GIVFC, representing a failure to engage publicly in any effort to establish solutions to the issues raised. The lack of engagement in the process is inconsistent with the obligation of entities such as the GIVFC, which receive public funds.

Grand Isle fire department's fuel, grocery expenses questioned

The Advocate- July 21, 2016

“The volunteer fire company protecting Grand Isle spent a significant chunk of its public funding from Jefferson Parish on things that had no valid purpose and were possibly illegal at times, according to a parish Inspector General’s Office report released Wednesday.

For instance, the fire company paid more than \$46,000 to the president of its own board for contract work related to the 2010 BP oil spill, said the report . . . which examined a period from 2011 through 2013, when the agency operated on almost \$2 million in parish property tax revenue.”

“— Almost \$6,000 in fuel purchases are questionable, largely because related documentation did not say which vehicle or piece of equipment was involved.

— The report could not account for more than \$242,500 worth of assets. One reason: Some assets were reported “destroyed” during Hurricane Gustav in 2008, but then records show they were put back into service after the storm.

— Almost \$30,000 in grocery expenditures lacked the names and signatures of people either making or approving the purchases. They also lacked a stated public purpose.

— Almost \$7,600 were spent on cellphone bills for people who were not firefighters, on cellphone accounts with unidentified users, and purchasing cellphones with no documented public purpose. The fire company no longer pays staffers’ cellphone bills.”

The Yenni Administration's response indicated that, since taking office just two months prior, they have been reviewing the parishes past policies dealing with contract monitoring and compliance measures. Further, they agree that the Parish should implement a monitoring process that permits regular and consistent evaluation of compliance with the fire protection contracts. They also agree that an entity within the Parish Administration should develop and implement a compliance assurance review and determine other areas in which the Parish can assist in streamlining policies and procedures. To carry this plan forward, they committed to:

- review all Fire Protection Agreements and amend them as necessary to provide the Parish with better fiscal oversight and control;
- requiring the recipient to provide financial information to the Parish Administration on a monthly basis, and
- verify that the GIVFD is maintaining training levels consistent with the National Fire Protection Association, as set forth in section III of the agreement.

2014-0044 Terrytown Booster Club



\$33,736.83 of uniforms purchased from an immediate family member.



No corrective action taken by the Parish to date.

An audit was conducted of the Terrytown Booster Club based upon information received. The review revealed inadequate internal controls, conflicts of interest, inadequate recordkeeping, and unauthorized use of Parish property. The review resulted in the following findings:

- The Parish allowed booster clubs to use its property without an executed agreement.
- Terrytown Booster Club purchased uniforms totaling \$33,736.83 from an immediate family member of the playground's center supervisor.
- Terrytown Booster Club does not have an accounting system in place to record its financial position.
- Terrytown Booster Club has inadequate internal controls over its financial operations.
- Terrytown Booster Club does not maintain concession sales receipts.
- Terrytown Booster Club is an IRS tax-exempt entity and has not filed required federal tax returns.
- Terrytown Booster Club compensates its concession staff with cash for its services.
- The Parks & Recreation Department has not enforced JPCO §21-1 & 21-4 pertaining to booster club oversight.

It is important to note that although the review considered only the Terrytown Booster Club. However, the majority of the findings involve inadequate oversight by the Parish, an issue that impacts the remaining 25 booster clubs currently operating within Parish facilities and playgrounds.

An exit conference was conducted with Director C.J. Gibson of the Department of Parks and Recreation on 12/21/2015 to discuss findings and recommendations. A response was received from the Young Administration on 01/04/2016, just two days prior to the change of Administration. The incoming Yenni Administration requested an opportunity to respond and did so on 02/11/2016.

The Young Administration's response did not address the specific findings but outlined their efforts to seek approval of an amended ordinance which the Parish "Council did not place on the agenda for consideration". The Yenni Administration also did not address the report on a finding by finding basis. However, the response did commit to addressing the issues brought forth in the report through a proposal to amend JPCA 21-1. No legislative action has been taken, nor has there been any approval of modifications to the agreements between the Parish and the booster clubs

New report: Jefferson Parish playgrounds illegally allowing booster clubs to operate




IG: Playgrounds illegally allow groups to operate without leases

The Advocate - March 9, 2016

"More than two dozen Jefferson Parish playgrounds allow booster clubs to operate on their property without any signed leases governing the arrangements, which violates the law and could leave the parish liable in case of accidents, according to a report released Tuesday by the parish Inspector General's Office."

"The report also found it troubling that the Terrytown Playground Booster Club bought \$33,736 in uniforms from Allstar Printing, owned by the park supervisor's son."

2014-0027 Rickey Jackson Community Hope Center

-  \$158,238.73 or 78% of the \$203,133.04 funds reimbursed were questioned.
-  \$7,194.15 in costs were determined as avoidable and the result of overpayment by the Parish.
-  Reimbursements were made before supporting documentation was received.

An audit was performed of the Rickey Jackson Community Hope Center – Courage House ("RJCHC") pursuant to a cooperative endeavor agreement with the Parish, related to both federal Community Development Block Grant (CDBG) funds and Parish district funds. The Cooperative Endeavor Agreement (CEA) and associated expenditures were administered by the Jefferson Parish Community Development Department.

The audit relates to matters which fall under the administrative supervision of the Parish President. However, the Parish Attorney customarily drafts the CEA, which is a type of contract that is then forwarded and voted on by the Parish Council. As such, each entity has oversight ability. Maximum authorized reimbursement under this CEA was \$215,000 which consisted of \$115,000 in Council funds and \$100,000 in federal Community Development Block Grant (CDBG) funds.

Ultimately, \$158,238.73, or 78% of the total funds reimbursed, were found to have been paid before adequate proof of payment was received from the RJCHC. Further, \$7,194.15 was determined as avoidable costs and the Parish overpaid the RJCHC as follows:

- The Parish reimbursed the RJCHC \$29,625.63 for renovations costing \$29,000.
- The Parish reimbursed the RJCHC \$10,000, when the RJCHC only paid \$9,600.
- The Parish reimbursed the RJCHC \$2,500 for air conditioning repair when the RJCHC did not pay the air conditioning company.
- The Parish reimbursed the RJCHC \$2,190 for lawn services without adequate supporting documentation.
- The Parish reimbursed the RJCHC \$1,478.52 for limestone. First, this payment was made in cash. Cash is not an acceptable form of payment and allows no audit trail. Second, from interviews conducted and an on-site inspection, the JPOIG determined that the RJCHC did not receive the amount of limestone on which they claimed reimbursement for.

Finally, the Parish reimbursed the RJCHC for insurance covering periods in which they were not engaged under the CEA.

Audit questions Jefferson Parish reimbursements to youth center founded by ex-Saint Rickey Jackson

Rickey Jackson youth center at core of analysis

The Advocate - April 19, 2016

"A new audit from the Jefferson Parish Inspector General's Office questions more than three-quarters of the parish's reimbursements in recent years to a center for troubled youth founded by former Saints star Rickey Jackson.

The audit, released Monday by Inspector General David McClintock's office, said the Rickey Jackson Community Hope Center in Marrero received reimbursements for more than \$158,000 in expenses from the parish without adequately proving it had spent the money as it said. The center received slightly more than \$200,000 overall."

Jefferson Parish Council kills \$40,000 in additional parish funding for Rickey Jackson youth center

Center's fiscal practices had been criticized by audit; facility had also lost its tax-exempt status

The Advocate - May 25, 2016

"Former Saints star Rickey Jackson's center for troubled youth in Marrero will not receive an additional \$40,000 from Jefferson Parish after a recently released [Inspector General] audit criticized the way the facility handled previous allocations, the Parish Council decided Wednesday."







A singular response was submitted by Community Development Director, Tamithia P. Shaw, on behalf of the Michael S. Yenni Administration. The response acknowledged the issues raised in the audit and agreed to "follow the recommendations of the JPOIG and implement the corrective measures."

Hospital Lease Negotiations and Monitoring – \$563 Million

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. The WJMC was successfully leased to the Louisiana Children’s Medical Center in a deal worth as much as \$563 million dollars, consisting of \$200 million upfront lease payment for 45 years, \$340 million in capital improvements to the hospital in the first 15 years of the lease, \$3.15 million in community benefit payments from LCMC, as well as, up to \$20 million in potential hospital performance payments.

During this period the JPOIG publicly issued the following report directly related to the monitoring effort.

2013-0023 Third Supplemental Hospital Memorandum

-  \$2.86 million expended without a signed contract.
-  \$1.08 million expended on invoices without sufficient descriptions.
-  No documentation of Executive Sessions which led to uncertainty of prior direction given.
-  Executive Sessions remain undocumented.
-  Parish still has not secured detailed hourly invoicing from Nemzoff & Co.
-  Only one response received from Councilwoman Lee-Sheng.

The JPOIG has been monitoring the hospital lease process since August of 2013. Monitoring is intended to address certain issues in limited areas where corrective measures remain a viable course of action.

This memorandum identified several areas of concern relating to negotiations between the LCMC and the Parish which arose prior to the transaction closing. The broad areas identified and discussed included documentation/recordation of Council direction; Council management of the negotiation team; management and oversight of consultant services; review of consultant invoices totaling \$3,945,163.56; and ex parte communications.

Jefferson Parish’s handling of consultant contracts in West Jefferson hospital deal slammed

The Advocate – July 6, 2016

“Jefferson Parish’s handling of two hospital consulting contracts worth almost \$4 million — one of which didn’t even legally exist — was marred by mismanagement, lax oversight and poor communication, the Jefferson Parish Inspector General’s Office said Wednesday.

In a scathing 426-page report, Inspector General David McClintock laid out numerous problems his office identified in reviewing parish contracts with Nemzoff & Co., a consulting firm that specializes in health care mergers and acquisitions, and the multinational law firm Hogan Lovells.”

Among the observations were:

1. Documentation/Recordation of Council Direction

A unique aspect of the public hospital management is the ability of the governing authority to enter into 'executive session', which is inherently closed to the public, to discuss certain subject matter. Considerable discussion and direction to the consultants, negotiation team, and WJMC executives occurred in these sessions. However, no efforts were made to keep minutes or record the approximately 25 annual sessions. The lack of minutes, or other documentation, left Council members, individually and collectively, unable to reflect upon or verify past actions and authority given to the third-party consultants.

2. Council Management of Negotiation Team

The Parish established, constructed, re-established, and re-constructed a negotiation team on at least four different occasions between April 2014 and December 2014. Issues that precipitated modifications included: ambiguity in consultant roles originating in their respective contracts, poor communications to members of the negotiation team regarding their ability to participate, communications between team members, reporting protocols, and tasking. As such, there were significant periods of inefficiency and redundancy among vendors.

Similarly, the Council process failed to task and authorize someone specific within the Parish to manage the consultants to ensure appropriate division of labor. The matter was of importance; as both primary consultants were operating under an hourly billing model. Substantial discord and haggling was documented on numerous occasions during the process.

3. Engaging Consultants – Contractual Terms and Conditions

Neither the primary vendor, the Hogan Lovells law firm, nor Nemzoff & Company, were engaged, retained or compensated in a manner consistent or compliant with Parish ordinance or other applicable process. Nevertheless, the Parish expended \$3.94 million dollars for services rendered between July 2014 and September 2015.

The Parish paid Hogan Lovells approximately \$2.86 million for legal and consulting services rendered to the Parish without an executed contract. Nemzoff & Company was paid approximately \$1.08 million, an amount which exceeded the maximum amount originally agreed upon by \$375,000. The Parish later amended the contract to remove the required contract maximum.

Read 'nastygrams' from Jefferson Parish hospital lease consultant

Times Picayune – July 6, 2016

"Joshua Nemzoff, . . . already has a reputation as a colorful and combative figure. At one point in the negotiations, he said he was being "slandered" and quit the job -- only to return later that day. Soon he took out a full-page advertisement in The Times-Picayune to criticize West Jefferson Medical Center officials and two Parish Council members.

Now a new report from the [JPOIG] offers up more of Nemzoff's blunt language."

"The tone of the communications fairly indicates that all efforts and energies were not focused on representing the parish's interest to the LCMC team in a unified manner or providing the parish with the best information available," the report says."

4. Consultant costs – review and approval of consultant invoices

The JPOIG found that the Parish failed to establish or apply a policy and procedure to manage these contracts. This lack of policy and process manifested itself, in large part, as invoices were paid without adequate support and review.

Nemzoff & Company invoiced and was paid \$1.08 million dollars. A review of payments made to Nemzoff & Company revealed that the Parish Attorney’s Office assumed responsibility for the authorization to make payments, even though there was no established policy or procedures conveying that responsibility. Further, the JPOIG review of Nemzoff & Company invoices showed a lack of adequate and reasonable documentation of the services rendered. As such, and notwithstanding certain travel and expense billings, the charges for services invoiced were not verifiable or auditable in a manner generally acceptable for payment in government.

After an extended comment and response period, the JPOIG received only one response from Council Chairwoman Cynthia Lee-Sheng. Chairwoman Lee-Sheng indicated that the report “provides an appropriate opportunity to initiate a dialogue regarding the Council's continued effort to improve professional service contracting throughout the conclusion of the Hospital Lease Transaction.”

Jefferson officials break rules with impunity, ethics monitors say

Times Picayune - July 21, 2016

“Jefferson Parish officials seemingly break their own laws and suffer no consequences, frustrated members of the Ethics and Compliance Commission said. Their comments came Wednesday (July 20) as they reviewed an inspector general's report about the leasing of West Jefferson Medical Center.

“It sounds like there can be policies, and there can be ordinances, but they don't have to follow them and there's no penalty if they don't,” said commission member Warren Bourgeois. “I don't understand that.””

BP Settlement - \$53.1 Million

The JPOIG has been tracking expenditures from the \$53.1 million dollars received by the Parish as a result of the BP Deep Water Horizon oil spill to enhance transparency and accountability relative to the use and application of funds received.

The funds are tracked and reported upon monthly via the www.jpoig.net website. The Parish’s net revenue was approximately \$41.3 million dollars after attorney fees and expenses. The Council chose to allocate approximately 85%, or \$35 million, to the unrestricted discretionary funds of Council Districts 1 through 5. The remaining \$6.4 million was split between 28 Parish special districts.

Initial BP Settlement Breakdown

Attorney's Fees	\$	11,700,000.00
Council District Projects	\$	35,031,277.25
Jefferson Parish Administration Projects	\$	6,320,849.95
	\$	53,052,127.20

BP Expenditures *					
Description	Starting Amounts	Interest Posted	Total Expended	%	Current Balance
Council District 1	\$ 12,031,277.25	\$ 116,870.39	\$ 1,627,925.95	13%	\$ 10,520,221.69
Council District 2	\$ 5,000,000.00	\$ 50,953.50	\$ 428,000.00	8%	\$ 4,622,953.50
Council District 3	\$ -	\$ -	\$ -		\$ -
Subproject 000	\$ 5,000,000.00	\$ 83,825.60	\$ 1,186,523.28	23%	\$ 3,897,302.32
Subproject 001 Restoration	\$ 3,000,000.00	\$ -	\$ -	0%	\$ 3,000,000.00
Council District 4	\$ 5,000,000.00	\$ 42,083.79	\$ 4,705,889.00	93%	\$ 336,194.79
Council District 5	\$ 5,000,000.00	\$ 53,725.07	\$ -	0%	\$ 5,053,725.07
Council Districts Total	\$ 35,031,277.25	\$ 347,458.35	\$ 7,948,338.23	22%	\$27,430,397.37
28 Parish Administrative Total	\$ 6,320,849.95	\$ -	\$ 598,496.90	9%	\$ 5,722,353.05
Combined Total:	\$ 41,352,127.20	\$ 347,458.35	\$ 8,546,835.13		\$33,152,750.42

The BP Expenditures table above demonstrates the status of accounts. Full details of the individual expenditures can be found by visiting www.JPOIG.net. There were three areas of note:

- Council District #4, Councilman Zahn, expended 4.7 Million or 93% of available funds. Most which was expended immediately before and after his election as Mayor of Kenner in December 2016.
- Council District #5, occupied by Councilwoman Lee-Sheng until January 2016 and Councilwoman Van Vracken thereafter, has not expended any funds.
- Collectively, the 5 Parish Council Districts earned \$347,458 in interest. The interest is posted back to specific BP related accounts and not to the general fund.

The following BP Expenditures table demonstrates the \$6.3 Million in funds allocated to the special districts. Special district funds were allocated in accordance with ad valorem tax allocation. Therefore funds received range from \$10.38 to \$1,150,204.60. Expenditures to date from these funds have amounted to \$595,585.37 or 9% overall.

Jefferson Parish Administrative Projects	Starting Amounts	Total Expended	Current Balance 01/2016
1 EB Consolidated Fire Dist	\$ 253,003.67	\$ -	\$ 253,003.67
2 Playground District 16	\$ 46,997.92	\$ -	\$ 46,997.92
3 Consolidated Road Lighting	\$ 7,784.73	\$ -	\$ 7,784.73
4 Road Lighting District 7	\$ 27,316.72	\$ -	\$ 27,316.72
5 Road/Sewer Sales Tax Cap	\$ 3,113.89	\$ -	\$ 3,113.89
6 Streets Department	\$ 1,556.95	\$ -	\$ 1,556.95
7 General Fund	\$ 1,525.81	\$ -	\$ 1,525.81
8 Terrytown Redevelopment	\$ 10.38	\$ -	\$ 10.38
9 Churchhill Econ Dev Dist	\$ 10.38	\$ -	\$ 10.38
10 Metairie CBD Econ Dev Dist	\$ 10.38	\$ -	\$ 10.38
11 Consolidated Drainage	\$ 932,914.94	\$ -	\$ 932,914.94
12 Drainage Capital Program	\$ 1,037.96	\$ -	\$ 1,037.96
13 Criminal Justice	\$ 61,597.72	\$ -	\$ 61,597.72
14 Culture and Parks	\$ 30,798.86	\$ -	\$ 30,798.86
15 Economic Development	\$ 30,798.86	\$ -	\$ 30,798.86
16 Senior Services	\$ 30,798.86	\$ -	\$ 30,798.86
17 Ambulance Service Dist 2	\$ 54,579.89	\$ 54,579.89	\$ -
18 Consolidated Garbage Dist 1	\$ 209,532.23	\$ -	\$ 209,532.23
19 Consolidated Recreation	\$ 611,553.40	\$ 248,137.75	\$ 363,415.65
20 Consolidate Sewer Dist 1	\$ 273,272.67	\$ 142,604.77	\$ 130,667.90
21 Consolidate Water Dist 1	\$ 325,382.76	\$ -	\$ 325,382.76
22 Fire Protection Dist 3	\$ 299,149.37	\$ -	\$ 299,149.37
23 Fire Protection Dist 4	\$ 99,147.43	\$ -	\$ 99,147.43
24 Fire Protection Dist 5	\$ 424,547.62	\$ -	\$ 424,547.62
25 Fire Protection Dist 6	\$ 676,268.70	\$ -	\$ 676,268.70
26 Fire Protection Dist 7	\$ 660,386.83	\$ 45,628.07	\$ 614,758.76
27 Fire Protection Dist 8	\$ 1,150,204.60	\$ -	\$ 1,150,204.60
28 Fire Protection Dist 9	\$ 107,546.42	\$ 107,546.42	\$ -
Subtotal	\$ 6,320,849.95	\$ 598,496.90	\$ 5,722,353.05

Jefferson Convention and Visitors Bureau - Proposed Legislation SB 378

In April of 2016, the JPOIG became aware of LA Senate Bill 378, which called for an amendment of Louisiana Revised Statute 47:338.203(D), that would have provided for the Jefferson Parish Convention and Visitors Bureau (“JCVB”) to receive the net proceeds of a hotel occupancy tax directly.

The proposed amendment to state law would cause a shift in how the JCVB received funding and cause an entitlement to the funding be created in favor of the JCVB. The amendment would have operated to negate, or otherwise, compromise enforcement of the commitments made in currently executed agreements, as well as, obfuscate oversight including potentially that of the JPOIG. For this reason, the JPOIG presented our analysis to the Council for consideration and recommended a resolution opposing the amendment to state law. The matter was deferred and resolved in a different fashion.

Is Jefferson Parish political maneuvering behind state legislation?

Times Picayune – April 19, 2016

“The proposed legislation also drew criticism from Jefferson Parish’s Office of the Inspector General late Tuesday. Because the money would no longer be distributed by the parish, local oversight officials like the inspector general would have less authority to audit and oversee the use of funds. Jefferson Parish Inspector General David McClintock issued a memo Tuesday urging the council to oppose the legislation.”

(As of 03/31/2017)

David McClintock, JD, CIG
Inspector General

Gina Dabdoub
Administrative Assistant

Kim Chatelain, JD, CIG, CCEP
1st Assistant Inspector General

Susan Andrews, CPA, CFE, CISA
Deputy Inspector General – Audits

David Owen, CFE
Auditor

Ashley Neyland, MBA
Auditor

Sierra Franklin
Auditor

Brian Smith, CIGI, MS
Deputy Inspector General – Investigations
Special Agent

Ben Myers
Special Agent

Paul Lumpkin, CFE
Special Agent

Mailing Address

Jefferson Parish Office of the Inspector General
5401 Jefferson Highway, Suite C
Jefferson, Louisiana 70123

Contact us at:

Hotline: 504-736-8961
Office Phone: 504-736-8962
Fax: 504-736-8963