

Jefferson Parish

2018 Annual Report

Office of Inspector General



David N. McClintock
Inspector General



OFFICE OF INSPECTOR GENERAL JEFFERSON PARISH

DAVID N. MCCCLINTOCK
INSPECTOR GENERAL



March 31, 2019

Inspector General's Message

To: Members of the Jefferson Parish Ethics and Compliance Commission

Cc: Jefferson Parish Councilmembers and Parish President

It is my pleasure to present the Jefferson Parish Office of Inspector General's (JPOIG) 2018 Annual Report. This report marks the sixth year since the inception of the Office of Inspector General and its fifth full year of operations.

Over the past five years, the JPOIG has achieved the following:

- Published multiple position papers and advisory memorandums;
- Monitored more than \$600 Million in transactions;
- Issued 26 reports;
- Rendered findings which supported 221 recommendations for improving Parish government; and
- Questioned \$25,651,365 in expenditure of public funds.

In 2018, the JPOIG processed 41 complaints and achieved the following:

- Published two (2) position papers;
- Continued ongoing monitoring involving more than \$600 Million
- Issued four (4) reports; and
- Questioned \$3,786,655 in expenditures of public funds.

This report provides a synopsis of 2018 reports, position papers, issues related to long-term monitoring, points of interest and on-going challenges which affect the JPOIG's ability to fully realize its mission to (1) improve government operations; (2) deter and identify fraud, waste, abuse and illegal acts; (3) and provide for increased accountability for Parish government.

Last year, I expressed specific concerns about action and inaction by Parish leadership, the Parish Council and the Parish Administration, which impact the JPOIG's operations. Some concerns expressed include access to facilities and employees, a lack of response or engagement by Parish leadership to JPOIG reports, and lack of corrective action taken. Without demonstrated tone at the top by all Parish officials, individually and collectively, long-standing issues with organizational culture will remain unresolved, progress will be hindered, inefficiencies and waste will continue; and transparency and accountability in government will not be realized. Better government for Jefferson Parish means more commitment by Parish leadership.

In April of 2018, the Parish President worked directly with me to address my concerns regarding access and committed, in earnest, to be engaged when in receipt of a JPOIG report. Access issues have substantially improved. When issues arise, we are generally able to reach a workable resolution. Also, the Parish Administration has increased communications and engagement with the JPOIG on our reports. JPOIG staff is regularly in communication with Parish Administration before JPOIG reports are finalized and published. This is a critical first step toward bringing about long lasting change.

Moving forward, the next critical step is equal engagement and commitment by the Parish, to include the Parish Administration and Parish Council, in delivering corrective action plans. The JPOIG will continue to work with the Parish in pursuit of corrective action plans that clearly demonstrate and document a commitment to take specific actions to correct inefficiencies and waste. To date the Parish rarely submits a corrective action plan that includes each of the elements clearly detailed to include the specific actions, staff responsible for these actions, time frames for completion and methods for measuring successful outcomes.

The Parish Council continues to struggle with post report action. This is a serious concern as Jefferson Parish is a Council-strong form of government which holds the authority to legislate for better outcomes in many matters. The Council's parochial nature considers many wide-ranging and long term issues as the primary responsibility of a single district council person. The Council simply fails to respond collectively to recommendations, even when those recommendations involve issues with a parish-wide impact. The Council possess the ability to direct, through resolution and ordinance, considerable change when and where needed. On those occasions where one or more Council members do engage on JPOIG reports, there is often a positive impact. I urge the Council to consider engaging more directly in the post report process.

Since our inception, 48.9% of all JPOIG recommendations have been either rejected or have gone unaddressed. I believe this is a reflection of some in Parish leadership avoiding to contend with some of the more complex and long-term practices. An excellent example of this can be seen in the Premium Pay report synopsis covered in the following report, but this is not the singular occurrence.

In closing, I would like to take this opportunity to thank the JPOIG staff for their commitment and professionalism in serving the citizens of Jefferson Parish. We sincerely appreciate all those that have cooperated, worked with and supported the JPOIG and strived for better government during the past year. The JPOIG team and I look forward to our continued service to support accountability, transparency, and integrity in government.

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

Very Truly Yours,



David N. McClintock

QUICK FACTS

2018 JPOIG BUDGET

\$1.31 MILLION

STAFF OF 11

\$3.78 MILLION

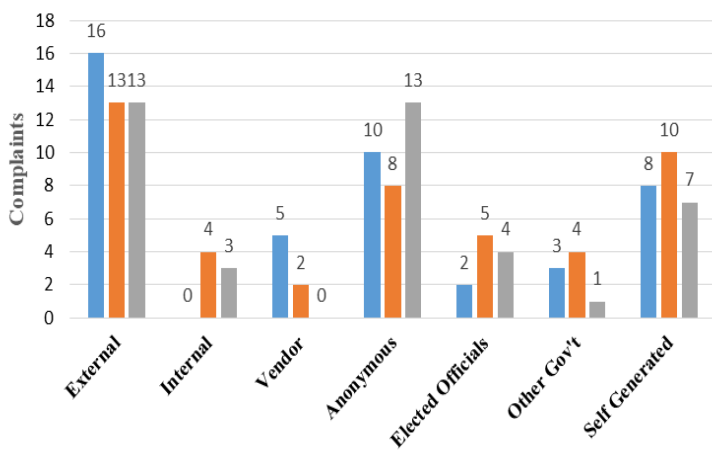
IN FUNDS QUESTIONED
FOR 2018

\$624.1 MILLION

IN FUNDS MONITORED
2018

WHO TALKS TO THE JPOIG?

2018 Source of Complaints ■ 2016 ■ 2017 ■ 2018



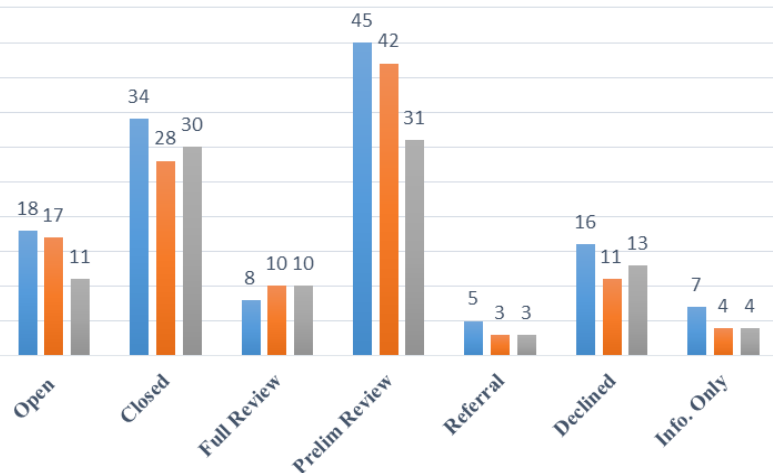
Complaints

The JPOIG logged 41 new complaints from various sources in 2018. We also saw the highest level of anonymous complaints thus far. We are glad to see the broad engagement of the JPOIG includes information from elected officials. Self-generated complaints reflect those that are developed within the JPOIG as a result of other work and information gathered internally.

Information is Our Business!

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.

2018 Intake Status- Year End ■ 2016 ■ 2017 ■ 2018



ABOUT THIS REPORT OVERVIEW

The Jefferson Parish Office of Inspector General’s (JPOIG) Annual Report highlights the investigations, audits, reviews and monitoring efforts concluded during the past year. It is produced in accordance with our responsibilities under the [Jefferson Parish Code of Ordinances at Section 2-155.10](#) to report on the activities of the office of inspector general annually. The results, whether in the form of questioned costs, future savings or earnings, operational improvements, legislative commentary, or fraud prevention and detection are part of the process of making government better through increased transparency and accountability.

REPORTING PERIOD

The JPOIG Annual Report is due each year on March 31, and covers activities of the preceding calendar year, in this case 2018. 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

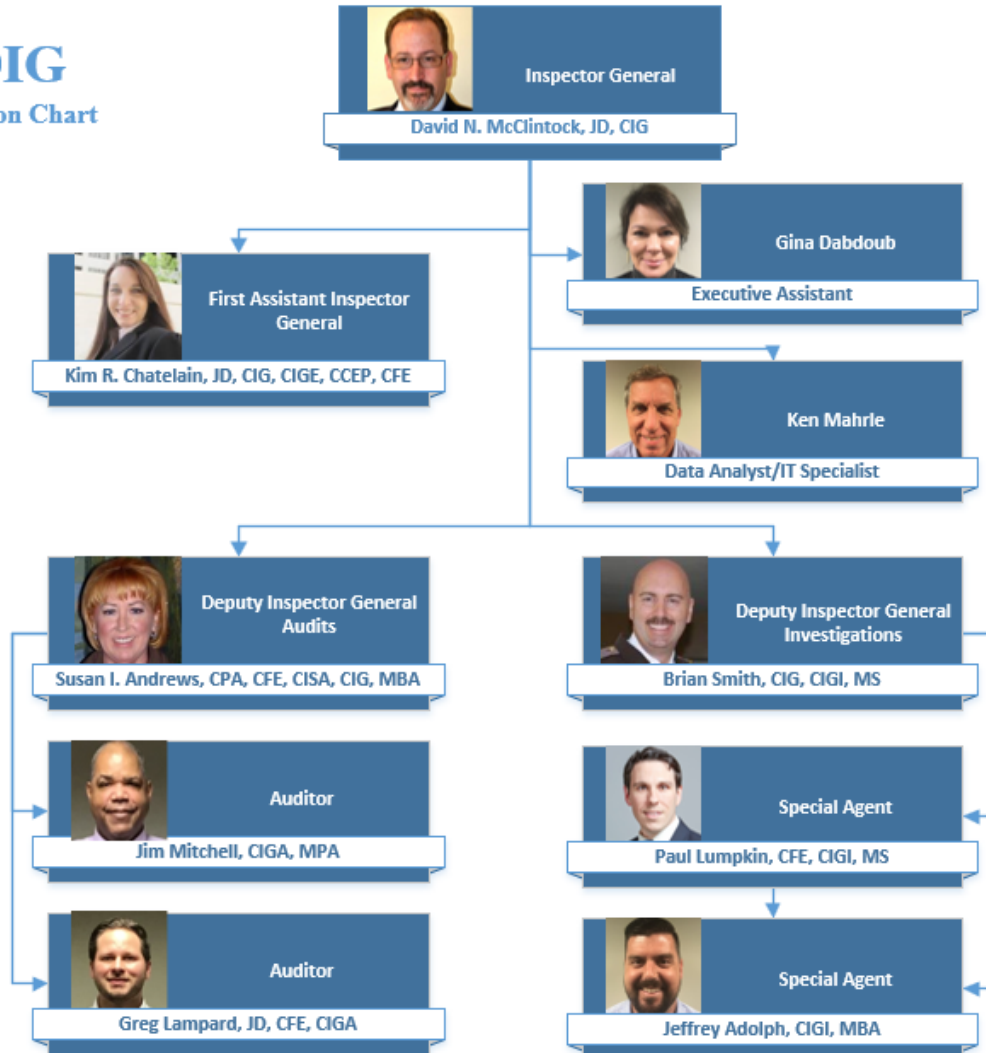
The JPCO sets forth the manner of retention for the Inspector General, organizational placement, authority, powers, professional standards and quality review. Parish ordinance also ensures access to data, confidentiality of records, reporting requirements, and other procedural requirements.

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 10 staff positions which include; a 1st Assistant Inspector General and two Deputy Inspectors General.

JPOIG
Organization Chart

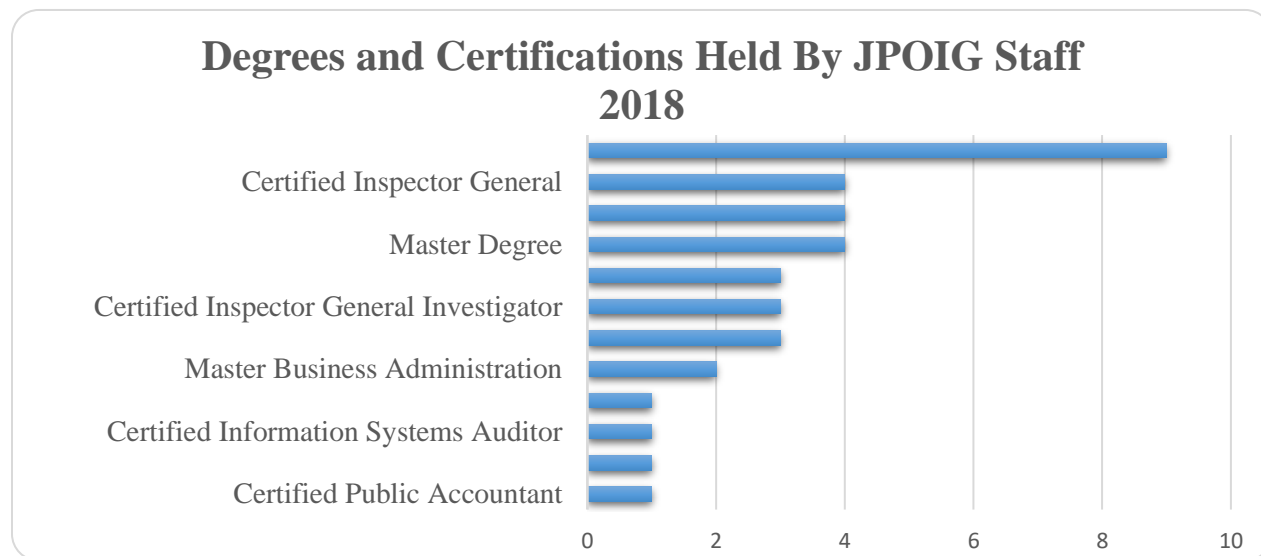


The 1st Assistant Inspector General serves as the General Counsel and provides legal support across a broad spectrum of issues. The Audit and Investigation sections are each supervised by a Deputy Inspector General. Each Deputy Inspector General oversees the development of their respective section and 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 skill 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.



JPOIG staff collectively are mandated to acquire a minimum amount of 210 hours of continuing education annually.

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”).

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. We sought and successfully received a positive peer review in 2017. Our next peer review should occur in 2020.

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*

QUALITY ASSURANCE REVIEW

The JPOIG receives external review in three capacities:

1. The Jefferson Parish Ethics and Compliance Commission (JPECC)

During our monthly public meetings and presentation of reports the 5 Commissioners routinely engage in queries into our work product and the impact or outcomes the work may have.

2. Peer Review

Peer review is conducted pursuant to ordinance on a 3 year cycle by the Association of Inspectors General (AIG).³ The review is conducted onsite by experienced OIG staff from other offices across the country and is designed to measure compliance with national standards. Our most recent review was conducted in October of 2017. The opinion of the AIG Peer Review team was issued without limitations or qualifications and no findings or recommendations were made.

3. Quality Assurance Review (QAR)

The QAR process is required by ordinance and is intended to be an annual review of publically issued work.⁴ Based on the drafting of the original ordinance the QAR was not able to be formed. The JPECC spearheaded ordinance amendments that required the formation of a three person committee consisting of appointees from the Parish Administration, the Parish Council and the Ethics Commission.

The QAR committee members are:

- Mr. John Benz (Chairman), Council Appointee
- Mr. Duke McConnell, Administration Appointee
- Mr. Jim Letten, Ethics and Compliance Commission Appointee

In 2018, for the first time, appointees were named by all bodies and material was submitted for review. The QAR committee's written review of the office of inspector general shall be forwarded to the inspector general at least fifteen (15) days prior to the public meeting at which the committee will present its review. The public meeting shall be scheduled after publication of the inspector general's annual report but not later than May 31.



The JPOIG looks forward to this review and the opportunity to make improvements.

³ JPCO 2-155.10(16)(b).

⁴ JPCO 2-155.10(16)(a).

BUDGET/FUNDING LEVEL 2018

Take Aways

-  Received total revenue of \$1,314,168 and expended \$1,270,559.
-  Completed 2018 with a \$1,266,314 fund balance. (Reserve)

This section considers the JPOIG’s budget and separately the funding level. The budget depicts the current millage level and management thereof, whereas the funding level is measured against the legal mandates of the office.

Budget

To ensure the independence of the JPOIG, as well as 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. During FY2018, the JPOIG’s notable areas of expenditure were:

- \$1,050,038 in employee salary and benefits.
- \$81,000 in annual office space rental.
- \$70,000 in cost were incurred related to the physical move of the office to 990 N. Corporate Dr, Jefferson, LA 70123.

JPOIG –ECC Combined Financial ⁶

	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals
Beginning Fund Balance	1,009,771	1,000,861	1,213,966	1,222,704
Millage Related Revenues				
Ad Valorem (Millage)	1,254,385	1,263,831	1,255,033	1,277,097
Ad Valorem - Back Taxes	2,577	1,337	1,159	1,946
Payment in Lieu of Taxes	-	-	5,115	5,240
Subtotal	1,256,962	1,265,168	1,261,307	1,284,283
Other Funding				
Interest on Account Funds	11,573	16,750	22,267	29,885
Other Financing Sources			7,279	
Total Revenues	1,268,535	1,281,918	1,290,853	1,314,168
Expenditures				
Expenses	1,277,444	1,068,813	1,282,115	1,270,559
Other Financing Uses	-	-	-	-
Total Expenditures	1,277,444	1,068,813	1,282,115	1,270,559
Ending Fund Balance	1,000,861	1,213,966	1,222,704	1,266,313

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

⁶ Amended 04/30/2021.

JPOIG MANDATE AND FUNDING

Current Funding Levels

Initial funding for the JPOIG and the Ethics and Compliance Commission was established by default as the amount of a re-dedicated millage. Thus, there was not a purposeful assessment of the funding necessary to accomplish the mandate.

The voters of Jefferson Parish approved an amendment to the Parish Charter that effectively mandated the creation of the JPOIG and the performance of three separate functions: investigation, audit and inspections and performance review.

There shall be an office of inspector general which shall provide a full-time program of investigation, audit, inspections and performance review of parish government operations . . .

Jefferson Parish Charter §4.09 Inspector General (A)

Beginning with the initial interview for the position, I have been very clear that the funding source, a rededicated millage, was insufficient to even nominally fund the three mandated functions. Since inception the existing funding has supported an Investigative Section and an Audit Section, however: funding has not been adequate to establish an Inspections and Performance Review Section.

Inspections and performance reviews perform a different function than investigations and audits.

- Investigations are carried out to resolve specific allegations or information concerning possible violations of law, regulation or policy.
- Audits are carried out to examine organizational program performance, financial management matters, and other issues related to systems or processes. It provides independent, objective assurance and consulting to parish government to improve operations through a systematic, disciplined approach to the evaluation of risk, inefficiencies, internal controls, and governance processes.
- The objectives of inspection and performance reviews are to provide a source of factual and analytical information, monitor compliance, measure performance and assess efficiency and effectiveness to provide decision makers with information which will improve government operations. Generally, inspections, evaluations and reviews represent an independent assessment of the design, implementation and efficiency of a particular system, process or program.

Effective Funding Levels

Current position levels are consistent with current revenue and minimally support the investigative and audit function. However, current funding levels do not support the formation of an inspections and performance review section or an additional analyst. As the JPOIG is millage funded, there are limited methods for addressing this issue. One such mechanism is through millage re-dedication.

Millage Advisory Committee

The Parish Council created the Tax Millage Re-dedication Advisory Committee via Resolution No. 130104 in October 2017. The advisory committee was created for the purpose of advising the Council on the appointment of and the process for re-dedicating surplus funds from one Special District to another.

The JPOIG's presentation to the Advisory Committee included information on our Charter mandate to provide the specific functions, the history of the current millage, the funding levels necessary, and a request that consideration be provided to recommend millage adjustments that would permit the creation of an inspections and performance review section. The Advisory Committee has not yet completed their report to the Parish Council.

INTAKE, REVIEW AND REPORT ISSUANCE

Takeaways



THREE-PHASE REVIEW

Information received is subjected to 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. This period is most effectively used by the recipients and the JPOIG to engage cooperatively and collaboratively in the formation of a Corrective Action Plan.

Reporting and Corrective Action Plan Process

Upon completion of an investigation, audit, or review, the JPOIG will prepare and issue a confidential draft report. This report is subject to a thirty (30) working-day layover period. The draft period is most effectively used by the recipients and the JPOIG, to engage cooperatively and collaboratively in the formation of a Corrective Action Plan. The general process during the draft period is as follows:

1. Initial Post Draft Report Discussion

A meeting is scheduled within a week of report issuance, or as soon as feasible, between department heads, administrators and Council members responsible for the areas reported upon and/or the implementation of potential corrective actions. This is the opportunity to:

- Correct any errors in the report, discuss findings in depth and discuss all viable solutions.
- Develop a Corrective Action Plan for each accepted finding that includes the specific action(s) to be taken, the individual responsible for the implementation, the timeline for completion, the metric or method upon which to measure the success or impact, and the resources needed.
- Reach a consensus between the JPOIG and the report recipients on an agreed upon “Corrective Action Plan”.
- Prepare written responses that incorporate the specifics of the CAP, which will accompany the issuance of a final report.

2. Issuance of a Confidential Final Report

The JPOIG will finalize the report at the end of the draft period. This process involves:

- Amending the report, if necessary, based upon the discussions and outcome of the draft process.
- Publish the final report, including all recipient responses and corrective action plans.
- Submit the finalized confidential report to the Ethics and Compliance Commission with copies to all original recipients. (The final report must layover for a period of five (5) days before it may be released publicly.

3. Issuance of a Public Report

After the requisite layover period, the report will be redacted to remove any confidential or privileged material and issued electronically via www.jpoig.net and appropriate media resources.

The JPOIG believes that full utilization of the aforementioned process, provides for more complete and meaningful outcomes, supports public transparency by providing the citizens of Jefferson Parish with the opportunity to review the work of the office, along with the actions, positions and responses of the recipient public officials.

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) Project schedule with 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. New information and investigative audit demands may influence the schedule of audits. Therefore, the JPOIG will reassess the schedule annually, and view the scheduling as an ongoing process.

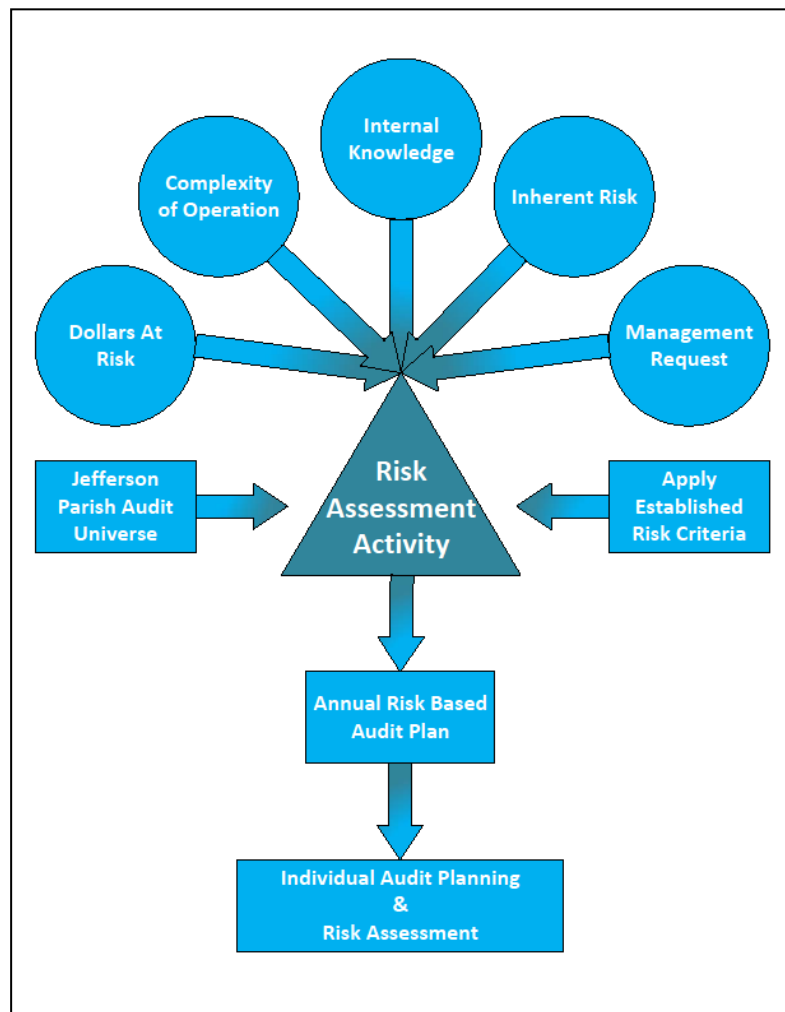
To identify high risk areas for audit coverage, we relied on discussions with Jefferson Parish Administration, and 12 key, pre-defined, risk criteria which were ranked and weighted based upon our subjective judgement of Parish operations. The risk assessment process is shown below.

Green book vs Red book

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, Red Book compliant audit (in accordance with IIA standards) or as a Green Book compliant audit (performed as a limited review, for a specific and finite purpose). Green book 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. Red Book 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.



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

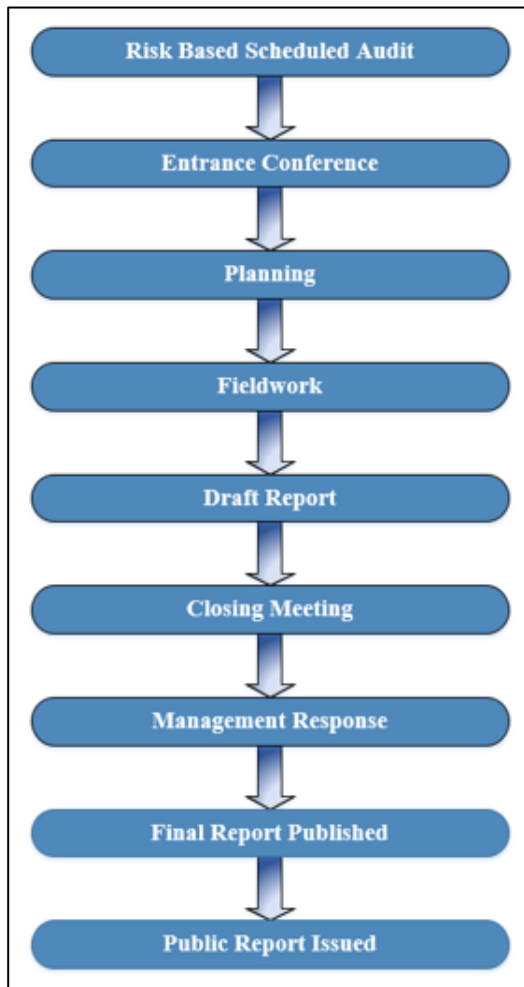
amount of our available resources are tasked with efforts emerging from the tips and leads received. These complaint-led audits and projects demonstrate the value many find in our independent oversight ability.

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 2019 calendar year includes ten (10) proposed compliant audit areas.

2019 Proposed Audits	
Audit Title	Quarter
Cost Allocation Plan	1
Hospital Service District # 1 Cash	1
IT General Controls	2
Discretionary Spending	2
Parish Hiring Practices	3
East Bank Consolidated Fire Equipment	3
Specialty Pay Follow Up	4
Lease Audit Follow Up	4
Security Access Cards Follow Up	4
Parish Bond Compliance Review	4



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 these activities are 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 \$9,796,264. Additionally, two monitoring efforts continued through 2018 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		
Case #	Description	Questioned Costs
2017-0031	Investigation: Public Bid 50-00120070	\$115,144
2016-0028	Sonny Randon Photography	\$36,224
2017-0045	Water Department Physical Security	\$11,000
2018-0003	Parish Allowance Report	Annual 10 Year Value \$836,982 \$83,000
2017-0041	Parish Premium Pay	Annual 3 Year Value \$12,742,567 \$4,302,610
Questioned Costs		\$4,547,978
Position Paper	Amendments to the Code of Ordinance § 2-34.2 Pre-filing of Ordinances and § 2-35 Council Agenda and Supplemental Information.	Review of Legislation
Position Paper	Proposed Amendments to the Jefferson Parish Code of Ordinance § 2-162.3 Duties of the Internal Auditor	Review of Legislation
Monitoring	BP Settlement Funds - Deepwater Horizon	\$53,119,542
Monitoring	Hospital Lease Negotiations and Monitoring	\$563,000,000
Monitored Funds:		\$616,119,542

A synopsis of each report, position paper or item is provided below. Each item, where applicable, includes the basic “Take-Aways” in bullet form. A careful reading informs the reader that the JPOIG will sometimes pursue matters that have low apparent financial impact, but that bear on core principals of good government, fairness and transparency. One demonstrative example can be found in the investigation into a matter involving a public bid and eventually a bid protest. This issue provided a unique opportunity to report on the Parish’s lack of a formal and codified bid protest process. We believe that helping make better government does not always involve direct fiscal impact.

Investigation: 2017-0031 Public Bid 50-00120070 – Landscaping.

-  The Parish failed to follow bid requirements.
-  The Parish does not have a formal bid protest procedure.
-  The Parish response rejected both findings.
-  The Ethics and Compliance Commission issued an Ethics Advisory Opinion on Bid Protest.

The Parish published an invitation to bid on a “Three (3) Year Contract for Labor, Materials, Supplies and Equipment Necessary to Provide Landscape Maintenance at the Jefferson Performing Arts Center.” The bid parameters included a requirement that bidders must have an employee, not a sub-contractor, who is a licensed arborist. Further, bidders agreed to comply with all provisions of Louisiana Law.

Of the three bid submissions received the bid was awarded to Rotolo Consultants, Inc. (“RCI”). RCI’s winning bid listed an Eric Strecker as holder of the applicable Arborist licensure and did not disclose that Mr. Strecker was a sub-contractor. Failure to disclose an arborist as a sub-contractor in a bid is a violation of the Louisiana Horticulture Law & Rules and Regulations. However, the Parish failed to evaluate the bid submissions for accuracy of representation thus permitting bids to advance that were not in compliance with the stated requirements.

A protest of the RCI award was submitted by a losing bidder. While the process was unsuccessful, the JPOIG determined that the ‘factual’ basis used by the Parish Attorney’s office to deny the protest was, in part, inaccurate. Further, our review determined that the Parish bid protest mechanism consists only of an uncodified practice. Best practices on bid protest were considered and a recommendation made to establish a more complete and codified bid protest.

The JPOIG sought to ensure the Council was informed prior to taking action and delivered the investigative report to the Parish Council the morning action was to be taken on the bid. After some discussion, the Council voted 4-3 in favor of awarding the bid to RCI, despite the deficiencies identified by the JPOIG. The response to the report filed by the Parish Attorney’s Office dismissed the substantive findings reached by the JPOIG, while failing to address relevant factual information.

The JPOIG presented the final report to the Jefferson Parish Ethics and Compliance Commission (JPECC), as required by ordinance. On 07/11/2018, the JPECC took action to issue Ethics Advisory Opinion 2018-0001, regarding the Parish’s lack of a codified bid protest process.

Since that time, Councilman Impastato, Council District 4, has worked with the JPOIG to craft a bid protest ordinance. The matter is scheduled to appear on an a Council agenda in April of 2019.

Investigation: 2016-0028 Sonny Randon Photography

- 👉 The Parish Council Chief of Staff expended \$36,244 for duplicative services.
- 👉 The Parish Council formally adopting the Parish Procurement Policy and the Finance Department adopted new controls as part of the corrective action.
- 👉 The Parish Council did not take action to adopt Parish Administrative Policy nor did the Parish Chief of Staff address the implementation of a needs assessment.

An investigation was conducted based upon reports that two photographers, one a Parish employee and one a Parish vendor, were engaged in providing substantially the same services. The investigation determined that photography services provided by Randon Photography were duplicative of services provided by Parish employees and wasteful.

It was determined that the services were arranged as a result of a meeting between the vendor, Councilman Roberts and Mr. Burmaster, the Council Chief of Staff. The JPOIG found no support for the duplicative services and that the vendors photos once delivered were simply placed in a file draw where they remained unused.



Image from the Parish Council Meeting of 05/03/2017 showing Mr. Randon (right) and the PIO photographer (left) taking photos during a presentation by Parish President Yenni.

Sonny Randon Photography Invoicing					
Year	Amount Paid	# Invoices	Max Invoice	Avg Invoice	Violation of JPCO
2011	\$1,180	8	\$200	\$147.50	No
2012	\$3,090	18	\$800	\$171.67	No
2013	\$4,104	17	\$950	\$241.41	No
2014	\$6,445	11	\$930	\$585.90	Yes
2015	\$10,970	13	\$930	\$843.85	Yes
2016	\$10,455	14	\$930	\$746.78	Yes
Total	\$36,244				



Randon Photography billed the Parish a cumulative amount of \$36,244 for photography services from 07/2011 through 12/2016. During this time, the average amount of the invoices rose from \$147.50 to \$746.78. Comparing total amount invoiced in 2012 to that in 2016, there was an increase of more than 433%. Additionally, it was determined that the manner in which some invoices were processed was in violation the Parish Code of Ordinances.

The report reached four findings and recommendations, as summarized below:

- Finding 1: Accepted - Duplicative and wasteful expenditures. **Council to adopt Parish Procurement Policy.**
- Finding 2: Accepted - The Purchasing Department failed to identify repetitive invoices totaling more than \$5,000, in aggregate, per annum for the same service from the same vendor. **Department of Finance implements new controls.**

- Finding 3: Accepted In Part – The Chief of Staff, on behalf of or with the Parish Council, lacks published policies and procedures. **There was no effort to address adoption of Parish Administrative Policy**
- Finding 4: Accepted In Part - The Chief of Staff failed to comply Parish Code by authorizing payments for more than the aggregate amount of \$5,000 for the same goods and/or services during the calendar year. **Chief of Staff did not address adoption of needs assessment.**

Audit: 2017-0005 Water Department – Physical Security

-  Securities weaknesses were identified at the Parish’s water facilities. **No public report was made until acceptable levels of security were attained.**
-  Mandated annual facility inspections were not performed and no baseline of security had been established for critical infrastructure.

A Water Department audit found that security elements present in the Water Department at the time of the audit were not adequate. Further, that weaknesses existed regarding the process of ensuring a minimally acceptable level of physical security oversight parish-wide. The Parish Security Division is responsible for overall employee and facility security.

The JPOIG found that the Director of Security was unable to provide documentation, or otherwise demonstrate, that annual physical inspections were completed of the Parish’s 322 facilities. Process flaws were also noted in the internal processes used to assess and implement security infrastructure changes.

Auditors also assessed and tested the integrity of the employee identification swipe cards issued to employees of the main water department facilities. The data revealed that in April of 2018 there were; 32 retired employees, and 88 terminated employees who still had active employee swipe access cards. Further, the JPOIG identified 79 active credentials that were not assigned to a specific individual.

Lastly, it was observed that during a period of prolonged repair delays on an inoperable main gate, the Parish incurred \$11,220 in additional security services which was avoidable.

Findings

The findings and recommendations are summarized below:

- Finding 1: Accepted in Part - Security weaknesses at the EBWC.
- Some specific corrective measures noted, but did not address each element.
- Finding 2: Accepted in Part - Multiple active credentials noted in the control system.
- Some specific corrective measures noted, but did not address each element.
- Finding 3: Accepted in Part - Ordinance mandated annual inspections of all Parish facilities were not completed.
- **Component directed to the Office of Parish President or staff above the Director of Security was not addressed.**

- Finding 4: Accepted in Part - Parish Ordinance does not require the establishment or implementation of baseline security measures for critical infrastructure.
- A legislative element directed to the Administration and the Council was not addressed. No response received from the Council or senior administration staff.

2018-0003 Parish Expense Allowance Report

- 👉 The Parish could save \$117,800 per year by eliminating the outdated miscellaneous expense allowance paid to elected officials and bringing cell phone expenditures into alignment with current costs.
- 👉 The Parish Administration and Council was not able to respond with a Corrective Action Plan, choosing instead to request a study and recommendations.
- 👉 The report was issued nearly four months ago and no recommendations have been forwarded to the JPOIG. Allowances continue at the same rate.

An investigation was conducted regarding the Parish's issuance of cell phone and miscellaneous expense allowances to employees and elected officials. The investigation determined that there was a lack of proper authorization for some existing policies. Further, that suggested corrective actions to both the cell phone and miscellaneous allowances could save the Parish approximately \$117,800 per year.

Cell Phone Allowance

The Parish pays 135 employees a cell phone allowance that is approximately double the cost of obtaining the same services available under several national provider plans.

The Parish President, Parish Council members, and Council employees are receiving a cell phone allowance when there is neither an ordinance nor policy which authorizes the receipt of this benefit. Other Parish employees are receiving the cell phone allowance under an outdated policy.

Should the Parish utilize the suggested corrective action methodology, the Parish can save approximately \$6,974.85 a month, \$83,000 per year or \$836,982.00 over the following 10 years.

Miscellaneous Expense Allowance

The Parish currently pays a monthly miscellaneous expense allowance of \$450.00 to the Parish President and \$350.00 per month to each Council member, totaling \$2,900 per month or \$34,800 per year. The only authorization for the miscellaneous expense allowance was Resolution 2101, passed in 1961. There are no known policies or procedures adopted by the Parish establishing the rate for the miscellaneous expense allowance or otherwise setting criteria for eligibility and purpose. The Parish has expended \$512,000 to elected officials since 2001.




Findings

The report reached three findings as follows:

- Finding 1: Accepted in Part - The cell phone allowance is a practice without authorization as it pertains to the Parish President, Parish Council members, and Council.
- Council passed a resolution to study the issue and make recommendations.
- Finding 2: Accepted in Part - The Parish is expending more than \$83,000 in unnecessary cost per annum under the current cell phone allowance program.
- Council passed a resolution to study the issue and make recommendations.
- Finding 3: Accepted in Part - The Parish issues miscellaneous expense allowances to elected officials without authorization.
- Council passed a resolution to study the issue and make recommendations.

Although the report was issued nearly four months before this report the JPOIG has not been informed of study results. Allowances continued to be paid.

Audit: 2017-0041 Premium Pay

-  \$9.3 million in premium pay was expended in 2017.
-  \$1.8 million was expended for exempt class employees where not required by the FLSA.
-  20% of all Parish premium pay is paid to exempt class employees.

This report represents the third report in five years where the JPOIG has considered the Parish's expenditures related to "premium pay" e.g. overtime, call out, compensatory, and stand-by compensation, for both exempt and non-exempt class employees. The findings across all three reports demonstrate that the Parish has wasted, and will continue to waste, millions of dollars in premium pay through poor policy and poor administration.

In this latest report, the JPOIG benchmarked other area jurisdictions and found that the Parish spends more in premium pay than other comparable areas. The Parish's continuing practice of paying exempt-class employees overtime, and all employees for hours not worked via stand-by pay, has become engrained in the culture across the Parish and a predictable part of the compensation scheme for many employees. Both the practice and the culture are at odds with the intended purpose of "overtime" and "standby", which is intended to provide compensation for unplanned and unpredictable events.

The routine and regular practice of paying premium rates by the Parish creates a "shadow" base pay, a base pay that is known within the Parish, but not readily transparent. Three hundred-seven (307) employees were paid nearly \$1 million during 2018, in stand-by pay and not one of them was ever called into work. In short, the Parish paid nearly \$1 Million for employees *not* to work.

Below is a summary of the identified, questioned, and avoidable costs noted in the report.

COST EXCEPTIONS					
Finding #	Description of Cost/Revenue	Amount	Identified	Questioned	Avoidable 3 yr. Period
1	Exempt Employees - Premium Pay	1,870,830	0.00	1,870,830	5,612,490
2	Stand-By Pay	2,376,692	0.00	2,376,692	7,130,077
Totals		4,247,522	0.0	4,247,522	12,742,567

Responses

The JPOIG worked with the Administration, the Personnel Board and the Personnel Department for nearly 4 months (an exceptionally long draft report period) in hopes of developing a meaningful corrective action plan to address the continuing wasteful expenditures identified in the report. No member of the Council engaged in this process.

Modest strides have been made to effect the waste. However, and as of this latest report, the Parish fails to vigorously address the true policy issues, i.e. necessary reform to the Parish’s longstanding culture of paying employees for time not worked and paying overtime to exempt class employees. In Parish’s responses, they committed to counseling department directors to be more judicious in delegating authority to authorize premium pay for exempt employees and to ensure that all departments have detailed rules as to exactly what is expected of an employee receiving stand-by pay.

The Personnel Department continues to justify current practices, in part, by relying upon anticipated changes by the Department of Labor (DOL). This was the same position taken by the Personnel Department in 2016 in response to the first JPOIG report on premium pay practices. The anticipated changes in DOL standards did not materialize. Three years later, the Parish is citing new anticipated changes by DOL, which may (or may not) take effect in 2020, as cause for continuing current practices. The perceived need to continue current practices because of might-be and may-be changing in federal law has cost the Parish more than \$5 Million.

However, the Personnel Board has expressed an interest in considering potential personnel rule changes that could provide the Administration with much more management flexibility. The JPOIG continues to urge all of Parish leadership to engage collaboratively to reform the use of wasteful premium pay practices.

Monitoring: 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 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	% Expended	Current Balance
Council District 1	\$ 12,031,277.25	\$ 235,693.71	\$ 12,246,091.40	100%	\$ 20,879.56
Council District 2	\$ 5,000,000.00	\$ 138,296.34	\$ 3,672,751.00	71%	\$ 1,478,023.34
Council District 3	\$ -	\$ -	\$ -		\$ -
Subproject 000	\$ 5,000,000.00	\$ 255,778.36	\$ 3,190,489.00	61%	\$ 2,065,289.36
Subproject 001 Restoration	\$ 3,000,000.00	\$ -	\$ -	0%	\$ 3,000,000.00
Council District 4	\$ 5,000,000.00	\$ 48,459.61	\$ 5,659,009.00	100%	\$ 25,753.61
Council District 5	\$ 5,000,000.00	\$ 190,324.97	\$ -	0%	\$ 5,205,292.97
Council Districts Total	\$ 35,031,277.25	\$ 868,552.99	\$24,768,340.40	68%	\$ 11,795,238.84
28 Parish Administrative Total	\$ 6,320,849.95	\$ -	\$ 2,848,231.93		\$ 3,472,618.02
Combined Total	\$ 41,352,127.20		\$ 27,616,572.33		\$ 15,267,856.86

The BP Expenditures table above demonstrates the status of accounts. The Parish Council has expended 68% of the BP discretionary funds, although expenditures vary considerably across the various council districts. This is compared to expenditures amounting to 45% of Council funds at the close of 2017. Full details of the individual expenditures can be found by visiting www.JPOIG.net. There were three areas of note:

- 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 \$868,552.99 in interest. The interest is posted back to specific BP related accounts and not to the general fund.

The following BP Expenditures table demonstrates activity of the \$6.3 Million that was allocated to the special districts. Special district funds were allotted 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 \$2,848,231.93 or 45% overall. This is compared to expenditures of 29% of the Administrative funds at the close of 2017.

Jefferson Parish Administrative Projects	Starting Amount	Total Expended	Current Balance 12/31/2018
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	\$ 611,633.95	\$ (80.55)
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	\$ 488,795.14	\$ 171,591.69
27 Fire Protection Dist 8	\$ 1,150,204.60	\$ 766,803.06	\$ 383,401.54
28 Fire Protection Dist 9	\$ 107,546.42	\$ 107,546.42	\$ -
Subtotal	\$ 6,320,849.95	\$ 2,848,231.93	\$ 3,472,618.02

Monitoring: Hospital Lease Negotiations and Monitoring – \$563 Million

The JPOIG continues to monitor the Parish’s lease of the West Jefferson Medical Center (WJMC) and East Jefferson General Hospital (EJGH).

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. In 2018, there still remained the disposition of \$20 million held in escrow. In a contested dispute resolution process the Parish’s recovered approximately \$18.3 million for the Hospital District. The remaining \$1.7 million remains the subject of dispute.

The East Jefferson Medical Center (EJMC) remains an asset of the Parish and monitoring continues.

Position Paper

Amendments to the Code of Ordinance § 2-34.2 Pre-filing of Ordinances and § 2-35 Council Agenda and Supplemental Information.

On 04/04/2018 the JPOIG submitted a position paper in support of proposed amendments to the Code of Ordinances, which would have the effect of enhancing the filing and publication requirements related to ordinances to be approved upon first reading, which is commonly referred to as “read into summary”.

Beginning with its first published report, the JPOIG has valued transparency of government. Writing about compliance with the Louisiana Open Meetings, the JPOIG acknowledged that, “An essential element of good governance is the public’s opportunity to exercise its right to observe and evaluate public officials, public conduct and public institutions.

Our assessment of the proposed amendments was that they enhance the transparency of process regarding potential ordinance amendments, both for those who are observing, and for those that are serving. For the public who is observing, the proposed amendment would serve to provide more timely information on Parish business, in an open and public manner. For those that are participating, the elected Council members, the proposed amendment ensures Council members have sufficient and equal opportunity to be fully informed of proposed amendments in a more timely manner prior to Council meetings.

Position Paper

Proposed Amendments to the Code of Ordinance § 2-162.3 Duties of the Internal Auditor

On 05/16/2018 the JPOIG submitted a position paper in opposition to proposed amendments to Code of Ordinance changes to § 2-162.3, *Duties of the director*, Department of Internal Audit. The JPOIG was not included or consulted by the Administration during the development of the proposed changes. After an analysis of the proposed changes, the JPOIG determined the effect of amendment would obstruct the JPOIG in fully meeting its purpose of identifying and deterring fraud, waste, abuse and illegal acts within Parish government.

The changes would have had the effect of mandating the Director of Internal Audit to report “actual knowledge of or reasonable cause to believe there has been a misappropriation of public funds or assets,” will, regardless of intent, serve to facilitate the Director of Internal Audit investigating indications of fraud, waste, abuse or illegal acts instead of referring the it to the JPOIG. The amendment will operate to blur critical operational boundaries between the two departments. Under state enabling legislation, the JPOIG is uniquely and specifically empowered to investigate and to audit for fraud, waste, abuse and illegal activity. Regardless of how benign the language of the proposed amendment may be, the subject is nonetheless fraud, waste, abuse and illegal activity effecting Parish government. This subject is the purview of the JPOIG.

Ultimately the proposed ordinance was not acted upon. The JPOIG working with Councilwoman Lee-Sheng provided substantial input into language that would permitted a robust and independent internal audit function, but also established realistic and functional boundaries with the JPOIG.

(As of 03/31/2019)

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