

Jefferson Parish

2019 Annual Report

Office of Inspector General



David N. McClintock
Inspector General



OFFICE OF INSPECTOR GENERAL JEFFERSON PARISH

DAVID N. McCLINTOCK
INSPECTOR GENERAL



March 31, 2020

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) 2019 Annual Report, marking our 7th year.

2019, the JPOIG processed 65 complaints and achieved the following:

- Questioned \$1,575,444 in expenditures of public funds;
- Issued six (6) reports, one (1) follow-up report;
- Continued ongoing monitoring involving more than \$600 Million; and
- Published one (1) position paper.

As I prepared this report, it was difficult not to reflect upon the state of Jefferson Parish when this office was created, the passage of laws which created this office, and where the office currently stands within Parish government.

In 2013, the former Parish President, former Parish Attorney, and former Chief Operating Officer of Jefferson Parish were sentenced in federal court for crimes committed during their time in public service. In that same year, this office began operations under model legislation which afforded this office broad powers of access to ensure and protect the public against the risk of fraud, waste, abuse, and corruption. Over these past seven years, the office has operated under the leadership of multiple Councilmembers, two Parish Presidents, and four Parish Attorneys. As the funding for this office will again be before the voters of Jefferson Parish for their consideration, it is important that this report communicate not only the successes and challenges faced by the JPOIG in 2019, but also a broader view of oversight in Jefferson Parish.

In past years, I have not hesitated to express specific concerns about action and inaction by Parish leadership, the Parish Council, and the Parish Administration, which directly impacted the JPOIG's operations. These concerns largely involved actions to limit or restrict access by the JPOIG to information, data, and persons within Parish government. Indeed, the report that follows demonstrates that effective oversight is entirely dependent on efficiently gathering relevant and reliable information. Next, I have expressed concerns about engagement with this office and a lack of effective response by Parish leadership to our findings and recommendations.

In previous annual reports, including in 2018, I expressed appreciation for specific actions taken by individual Parish officials who supported the JPOIG's access to information and who timely engaged the JPOIG's efforts to support and pursue meaningful value to the Citizens of Jefferson Parish.

Notably, I commended actions taken by the Yenni Administration by way of access and engagement whenever possible. Still, in the past seven years, the JPOIG has twice been unilaterally denied critical access to Parish information and information systems, once in 2014 by the Parish Attorney and again in 2019 by the Parish President. These actions, and others, occurred despite the creation of an office designed to prevent barriers to information and access. The reality is that the foundations upon which independent oversight functions has been, and continues to be, fluid.

In the fall of 2019, Parish President Yenni, via senior staff and unknown to the JPOIG, directed the Parish Information Technology Director to produce several months of JPOIG investigative email queries, documents which were confidential and contained data pertaining to active investigative matters. While devoid of context for the queries and unaware that many were directly related to an investigation resulting from an Ethics Commission referral, elements were shared with other elected officials. These efforts served to circumvent what should have been a confidential investigation. Selected information was shared with other elected officials and ultimately led to ordinance amendments that restricted access to data. The current ordinance requires information requests to be submitted in writing with notice to the Parish Attorney. These provisions represent the fluidity we continue to experience after more than 7 years of operation.

As 2019 concluded, a new opportunity arose with a change in Parish leadership in both the Administration and among several seats on the Parish Council. We look quite forward to working with Parish President Cynthia Lee-Sheng and the Parish Council in continuing to identify and prevent fraud, waste, and abuse in Jefferson Parish government and supporting transparency and accountability in government.

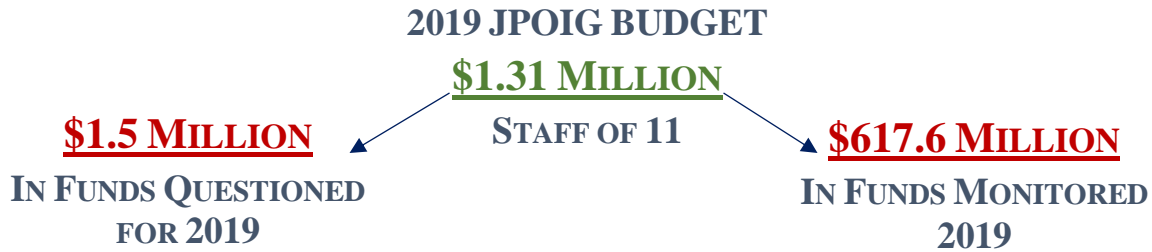
Please visit www.jpoig.net for synopses of our audits, investigations, reviews and findings.

Very Truly Yours,

A handwritten signature in blue ink, appearing to read "David N. McClintock".

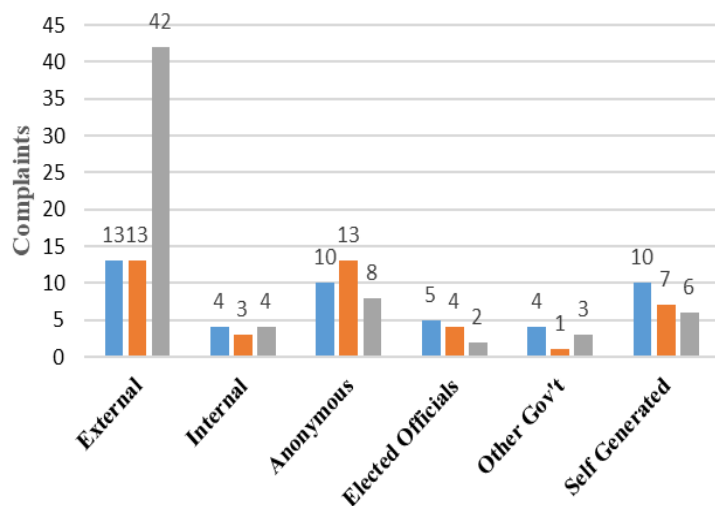
David N. McClintock

QUICK FACTS



WHO TALKS TO THE JPOIG?

2019 Source of Complaints ■ 2017 ■ 2018 ■ 2019

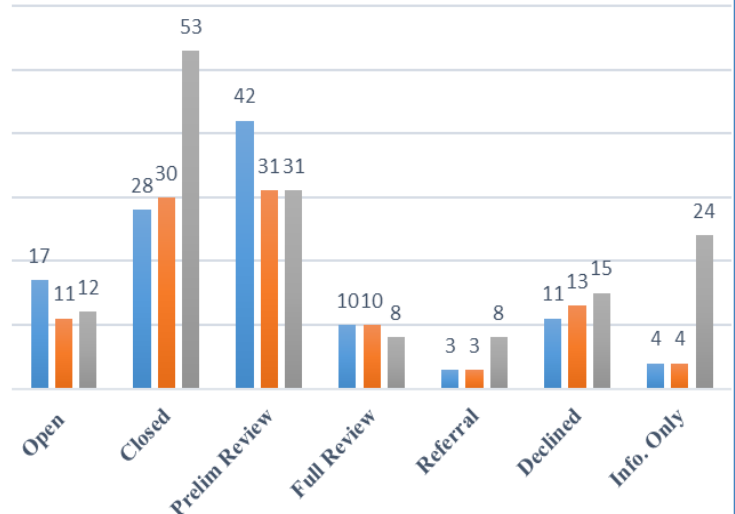


Complaints

The JPOIG logged 65 new complaints from various sources in 2019, up from 41 the prior year. Anonymous complaints continue to be a significant source. Still, engagement with the office remains broad. Information is received from elected officials and other government entities. Self-generated complaints are generated by JPOIG staff.

Assessing information gathered against laws, policies, and best practices remains central to our mission of identifying fraud, waste and abuse. While investigating, auditing and reviewing all matters of merit is ideal, resources necessitate that we identify and pursue select matters of importance. Intakes logged as “information only” reflect the interest in reporting to an independent oversight office.

2019 Intake Status- Year End ■ 2017 ■ 2018 ■ 2019



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 2019. The report is provided to the Ethics and Compliance Commission for a period of not less than 48 hours prior to a 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.

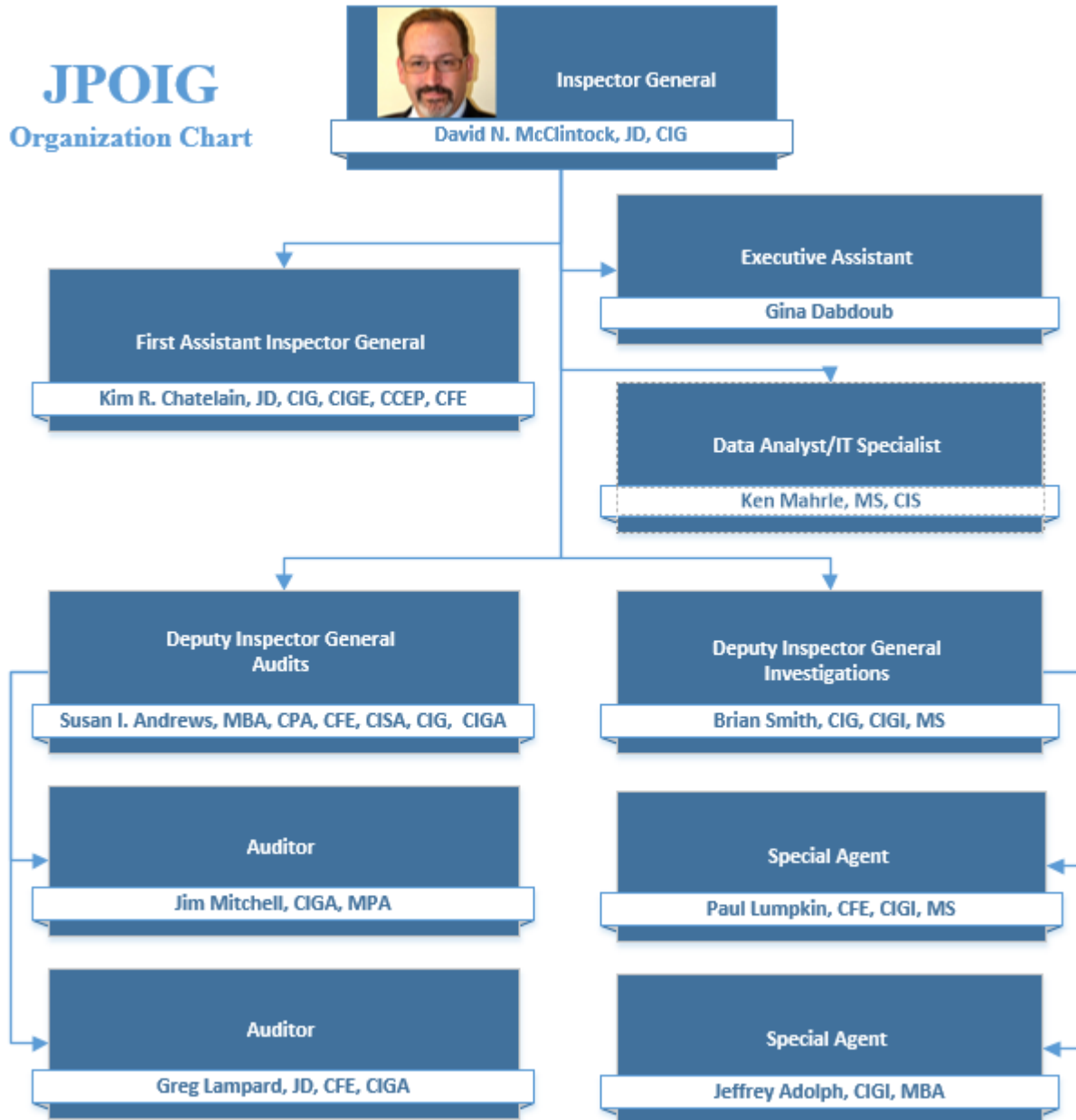
Jefferson Parish Code of Ordinances (JPCO) 2-155.10

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

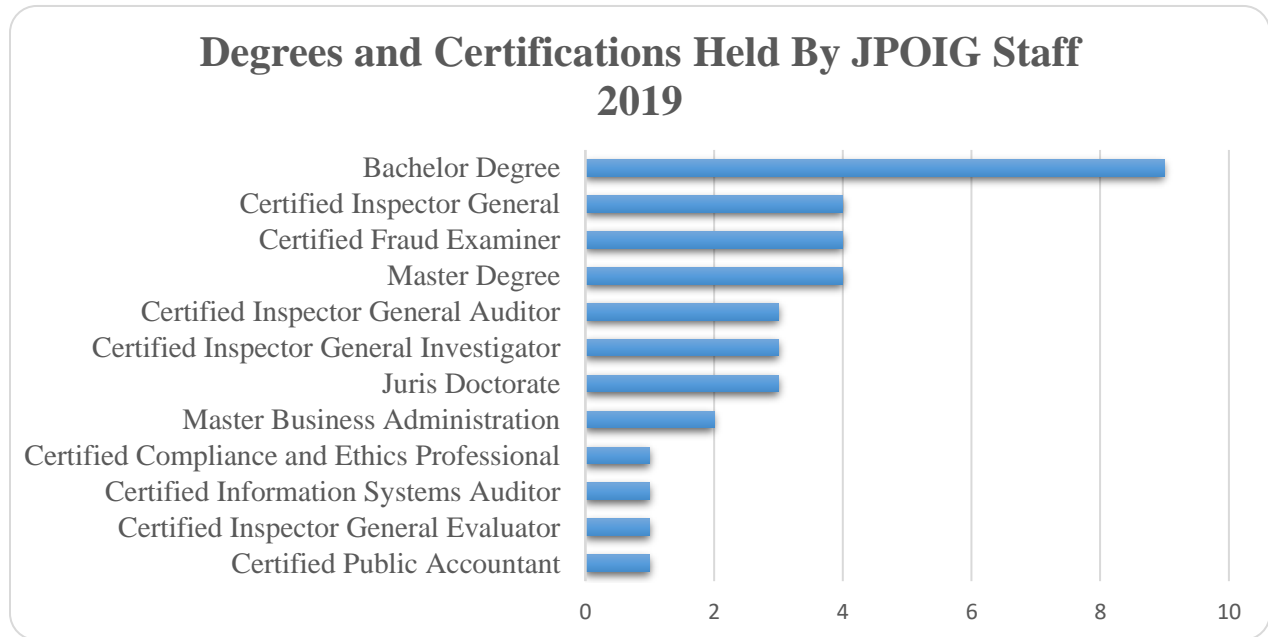
The Inspector General has organized the JPOIG into two sections: (1) Audit and (2) Investigations. The functions and operations of the office are supported through 10 staff positions which include a 1st Assistant Inspector General and two Deputy Inspectors General.



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. The Deputies Inspector General oversee the development of their respective section and ensure 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 Parish departments, 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 302 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**”).

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*

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.

QUALITY ASSURANCE REVIEW

The JPOIG receives external review in three capacities:

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

The ECC holds monthly public meetings. During these meetings, we update the ECC and present recent reports. The five members of the ECC routinely inquire into our work product, the impact and the outcomes the work may yield for the Parish.

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.

- The JPOIG has requested our second peer review covering 2017, 2018 and 2019 be conducted in the fall of 2020.

3. Quality Assurance Review (QAR)

The current QAR Committee members are Mr. John Benz (Chairman) - Council Appointee, Mr. Duke McConnell - Administration Appointee and Mr. Jim Letten - Ethics and Compliance Commission Appointee.⁴ The QAR Committee reviews and assesses the JPOIG’s published work product for the year and renders a written report.

QAR Report

The QAR report and JPOIG response may be found in totality on www.JPOIG.net or via the following link: [2018 QAR Report and JPOIG Response](#).

In 2018, the QAR committee favorably wrote that “having read, reviewed, analyzed and discussed the aforementioned reports, [the Committee] unanimously agrees that [the] Inspector General . . .and his team are by all accounts and observations highly professional, thorough, ethical, and effective in arriving at and presenting the results of their investigations, positions, recommendations and monitoring reports with the primary goals of providing genuine transparency for the benefit of parish citizens, and thereby reducing fraud, waste and abuse—as well as simply offering in some instances options and recommendations for more efficient and cost-effective expenditure of taxpayers’ money.”

QAR Recommendations

The report made a series of meaningful and valued recommendations. Where possible, these have been acted upon and adopted. Notably, Recommendation #3 sought reporting and clarity with

³ JPCO 2-155.10(16)(b).

⁴ JPCO 2-155.10(16)(a).

regard to the action, or inaction, by the Parish itself on the JPOIG’s recommendations. Acting on the QAR’s recommendation, the JPOIG has compiled a “Recommendation Tracker”, that reflects each recommendations made and the subsequent responses of the recipients. The report may be accessed via www.JPOIG.net or via the following link: [JPOIG Recommendation Tracker](#).

The project demonstrates that 32 reports have resulted in 164 recommendations. Of those 164 recommendations, the draft report process created 1,355 opportunities for Parish decision makers to respond. Parish decision makers include department heads, the Parish President’s Office, the 7 Parish Council Offices, and in some cases representatives from quasi-governmental entities. The 1,355 opportunities to respond resulted in 231 written responses representing a 17% engagement level. The Parish’s Council led system presents some unique issues in seeking engagement, as many of the recommendations can be positively impacted by Council involvement. However, there are 7 elected Council positions and not one is specifically delegated with the responsibility of addressing JPOIG recommendations.

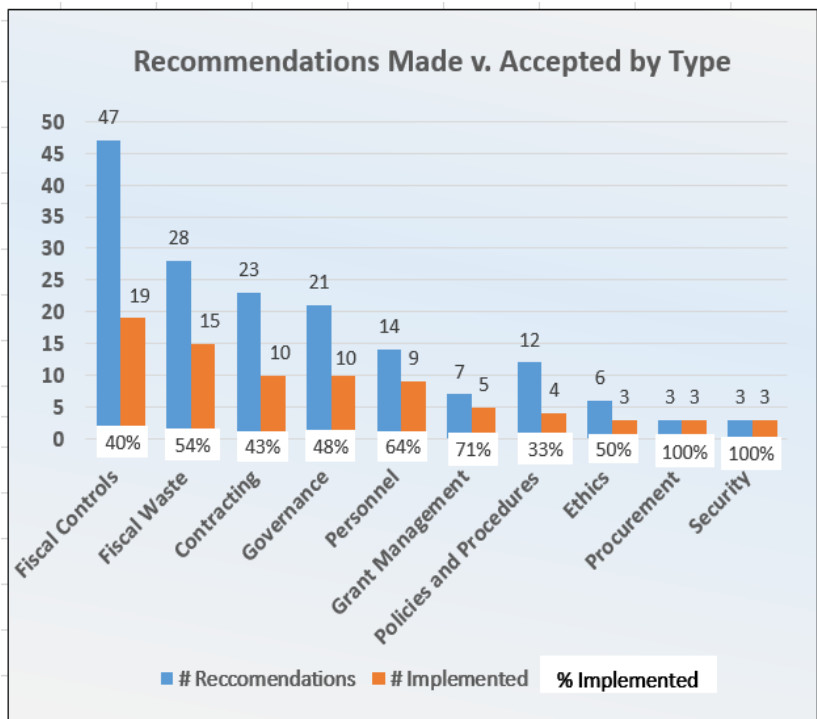
32 reports = 164 Recommendations.
164 Recommendations = 1355 Opportunities to respond.
1355 Opportunities to respond = 231 Responses

Considering those 231 responses, 105 (45%) accepted the recommendation; another 19 (8%) accepted-in-part the recommendation; 40 (17%) rejected the recommendation; and no position was taken for 67 (29%) of recommendations.

231 Responses = 105 Recommendations Accepted.
= 19 Recommendations Accepted-in-Part.
= 40 Recommendations Rejected.
= 67 No Position Taken on the Recommendation.

The ultimate purpose of oversight is to ensure that corrective actions are taken to address the findings wherever possible. Corrective action was committed to or taken at some level of government in 81 of the 164 recommendations made representing a 49% ratio.

The adjoining chart demonstrates the type of recommendation made and the ratio of corrective actions.



BUDGET/FUNDING LEVEL 2019

Take Aways

-  Received total revenue of \$1,304,036 and expended \$1,382,914.
-  Completed 2019 with a \$1,233,283 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 FY2019, the JPOIG’s notable areas of expenditure were:

\$1,075,878 in employee salary and benefits.

\$98,688 in annual office space rental.

\$72,548 in system upgrades and moving expenditures were expended.

\$137,800 in expenditures to support the office operations.

JPOIG –ECC Combined Financial ⁶

	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals
Beginning Fund Balance	1,000,861	1,213,966	1,222,704	1,266,313
Millage Related Revenues				
Ad Valorem (Millage)	1,263,831	1,255,033	1,277,097	1,294,951
Ad Valorem - Back Taxes	1,337	1,159	1,946	3,845
Payment in Lieu of Taxes	-	5,115	5,240	5,240
Subtotal	1,265,168	1,261,307	1,284,283	1,304,036
Other Funding				
Interest on Account Funds	16,750	22,267	29,885	35,848
Other Financing Sources	-	7,279	-	-
Total Revenues	1,281,918	1,290,853	1,314,168	1,339,884
Expenditures				
Total Expenditures	1,068,813	1,282,115	1,270,559	1,382,914
Ending Fund Balance	1,213,966	1,222,704	1,266,313	1,223,283

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 through the re-dedication of a standing 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)

Funding levels are not sufficient to fund the three mandated functions. Available funding has been expended in support of staffing Investigations and Audit. Unfortunately, we have not been able to establish an Inspections and Performance Review Section.

The objectives of an Inspections and Performance Review Section would be 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 support functional investigative and audit services. However, current funding levels do not support the formation of an inspections and performance review section or an additional analyst. The JPOIG millage is due for a renewal initiative in 2020 or 2021, the JPOIG will proceed with a request at the existing millage rate of ¼ mil.

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 concluded its work in the Spring of 2019 making several recommendations. However, none impacted the JPOIG.

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:

- Parish recipients for a 30-day period of review and comment.
- Non - Parish recipients for a 20-day period of review and comment.
- Jefferson Parish Ethics & Compliance Commission.

Reporting and Corrective Action Plan Process

Upon completion of an investigation, audit, or review, the JPOIG will prepare and issue a confidential draft report in phases as follows:

Phase 1 – Parish Recipients

A confidential draft is provided for thirty (30) working-days. 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. The JPOIG has consistently recommended that a meeting be scheduled shortly after issuance between the JPOIG and Parish recipients. Recipients may include Parish department heads, administrators and Council members. A meeting provides 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.

Phase 2 – Non-Parish Recipients

In 2019, the Parish Council amended the ordinance relating to Inspector General processes and added an element to provide for draft report issuance to persons and entities outside of Parish government. By way of example, this would include Parish vendors or others who are the subject of the report or to which there is a finding made. At the conclusion of the initial Parish draft period, Non-Parish recipients are provided with 20 working days to review and comment on the report.

Finalization

At the conclusion of the draft period the JPOIG will finalize the report and forward the completed product to the Jefferson Parish Ethics and Compliance Commission for review. After the requisite layover period, the report will issue electronically to the public via www.jpoig.net and appropriate media resources.

ANNUAL WORK PLAN

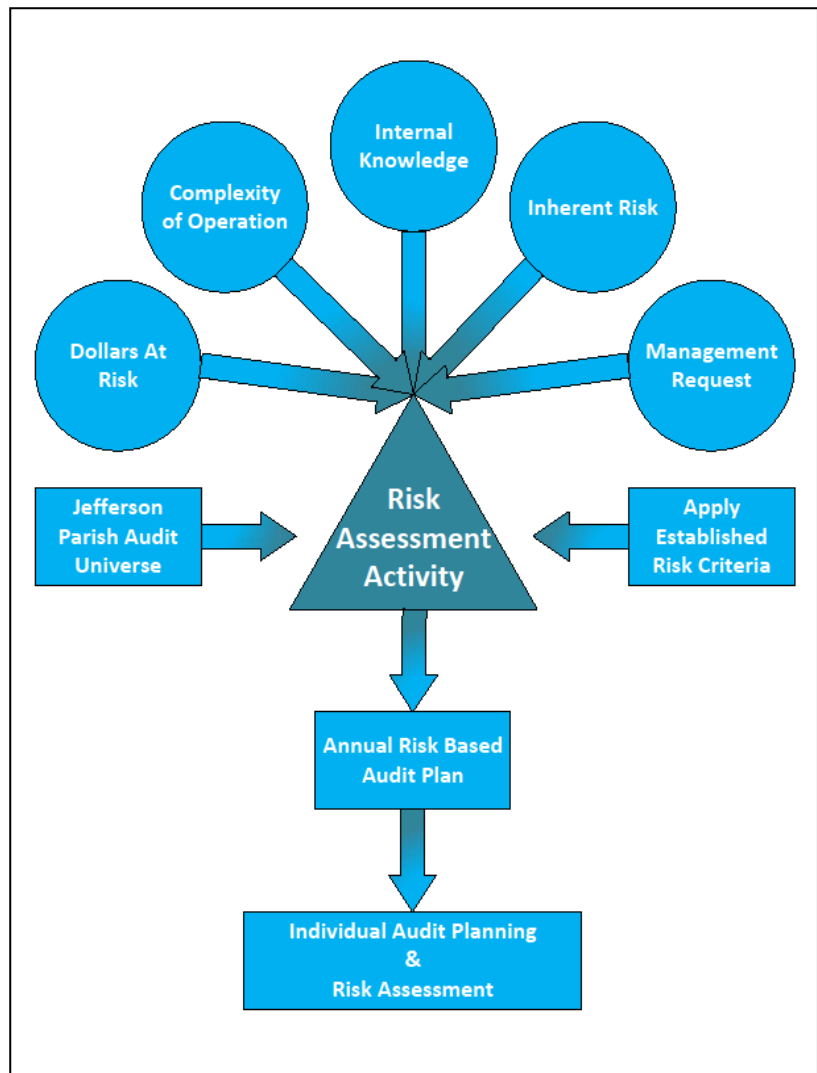
The Jefferson Parish Office of Inspector General (“JPOIG”) has implemented an Annual Work Plan in accordance with the mandate set forth in the Jefferson Parish Code of Ordinances § 2-155(17). The Annual Work plan includes:

- (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 they 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 staffing and 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. Remaining adaptable and open to utilizing emerging issues and complaint based information as the foundation for 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.

2019 Audit Plan

The 2019 Annual Audit Plan is the result of the Annual Audit Risk Assessment process. The annual audit plan is designed to be independent and lift-able from the Annual Risk Assessment result.

A risk assessment is a systematic process for assessing and integrating professional judgments about the probability of the existence of adverse conditions and/or events. Based on the risk assessment, the Deputy Inspector General Audits will commence an audit of the areas presented below after securing approval from the Inspector General. Department-specific risk assessments will be completed as part of the audit planning phase, performed at the inception of each audit. The Annual Audit Plan is presented by calendar quarter; however, because conditions change, audit priorities determined through the annual risk assessment process may be reviewed and updated throughout the year.

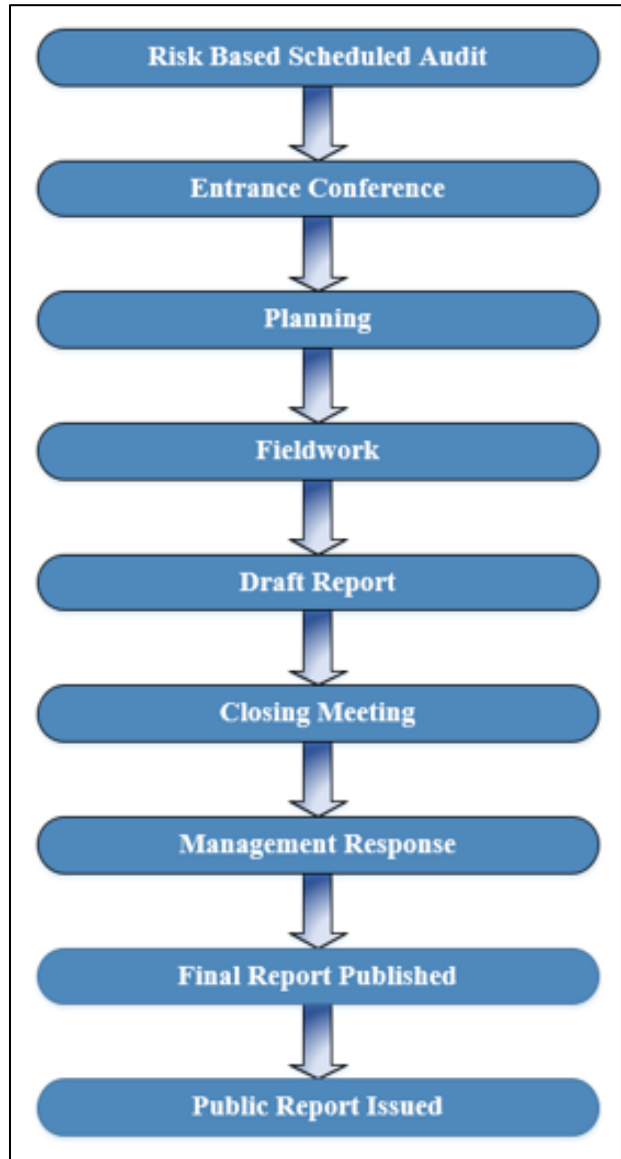
2019 PROPOSED AUDITS	
Audit	2019 Quarter
Cost Allocation Plan	1
Hospital Service District # 1 Cash	1
IT General Controls	2
Discretionary Spending	2
Parish Hiring Practices	3
East Bank Consolidated Fire Equipment	3
Specialty Pay Follow Up	4
Lease Audit Follow Up	4
Security Access Cards Follow Up	4
Parish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

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 \$1,575,444. Additionally, two monitoring efforts continued through 2019 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
2015-0003	Marrero Estelle VFC Co. No. 1 – Audit Follow-Up	
2016-0049	Transition Expenses – Elected Official	\$119,214
2019-0011	Personnel Department-Determination of Eligibility	Ethics
2018-0021	Jefferson Parish Greater New Orleans, Inc. Economic Development Services	\$630,000
2018-0028	Planning Advisory Board Member – Eligibility	Ethics
2017-0022	Elected Official Receiving Something of Value	Ethics
2018-0007	Vehicle Tracking	\$826,230
Questioned Costs		\$1,575,444
12/09/2019	Proposed Amendments to the Personnel Rules of the Classified Service	
Monitoring	BP Settlement Funds - Deepwater Horizon	\$53,119,542
Monitoring	Hospital Lease Negotiations and Monitoring	\$563,000,000
Monitored Funds:		\$617,694,986

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 the Personnel Department and lack of verification regarding education and prior work experience. This issue provided a unique opportunity to report on the Parish Personnel Department’s verification process for education and work experience required of applicants for employment. We believe that improving government does not necessarily involve direct fiscal impact.

Audit Follow-Up: 2015-0003 Marrero Estelle VFC Co. No. 1

-  The VFC has instituted meaningful corrective action that has eliminated annual unallowable expenses.
-  The VFC's efforts to pursue corrective actions demonstrate responsive and effective management with an eye towards the maintenance of best practices.

This follow-up report is based on an audit of Marrero-Estelle Volunteer Fire Company No. 1 ("MEVFC") was released in November of 2016. The audit noted inventory concerns and a series of unallowable expenses. The report contained nine (9) findings and two (2) observations. Testing revealed the current status' as follows:

Resolved

- Finding 1. Millage funds spent for food.
 - Policy instituted and authorized expenditures documented.
- Finding 2. Millage funds spent on employee deductibles.
 - The practice was eliminated.
- Finding 3. Millage funds spent on employee bonuses.
 - The practice was eliminated.
- Finding 4. Millage funds spent for flowers and miscellaneous expenses.
 - The practice was eliminated.
- Finding 5. Millage funds spent for Christmas Parties.
 - The practice was eliminated.
- Finding 6. Employee time card controls were not adequate.
 - Procedures were implemented resulting in adequate controls.
- Finding 9. Lack of adequate controls over bank reconciliations.
 - Policy and procedure mandated demonstrated internal review and authorization.
- Observation #1. Station Renovation expenditures were made without competitive bidding.
 - The VFC adopted "Public Bid Law" for capital improvement projects exceeding \$50K and equipment purchases exceeding \$10K.
- Observation #2. The VFC failed to maintain adequate support for restaurant and grocery purchases to document attendees and what was purchased.
 - Testing validated supporting documentation that indicated the nature and purpose of the expenditure, and noted no exceptions.

Unresolved


- Finding 7. Failure to keep adequate and current inventory.
 - The VFC instituted a policy and retained outside inventory support; however, testing revealed the system failed to account for nearly half of the sample tested. Efforts were underway to seek another third part vendor.

Resolved In-Part

- Finding 8. Lack of accountability for fuel purchases.
 - In 2019 the VFC instituted policy and procedure requiring exceptions to be addressed by supervisors.

Investigation: 2016-0049 Transition Expenses – Elected Official

 45% (\$119,214) of Transition Expenses were questioned.

 The Administration engaged in retaliatory conduct.

An investigation was conducted involving the transactions, purchases, and expenses related to the Yenni Administration's transition into office. The investigation found that \$261,132.47 was expended for transition related costs.

Ultimately it was determined that:

- \$108,264 in questioned expenditures from funds budgeted to other Parish general fund departments.
 - \$52,668.32 in expenditures relative to construction/renovation costs provided by General Services,
 - \$32,275.84 in expenditures for overtime relative to services provided by the General Services for building changes, modifications, etc.
 - \$9,981.60 in expenditures from the East Bank Consolidated Fire Department millage funds.
 - \$13,339.02 in expenditures related to renovation and modification provided/funded by the Electronic Information System Department.
- \$10,950 in questioned expenditures from the Office of the Parish President's budget and related to the refinishing and reupholstering of a desk and 5 chairs.

The report made four (4) recommendations to the Parish Council to amend ordinances, pass resolutions, or develop other means to improve controls, improve planning, and increase transparency and accountability in Parish government projects and expenses. No response was received from the Parish Council.

The report made eleven (11) recommendations to the Parish Administration that were focused on the Administration developing policy and procedure to more effectively identify, track, monitor and potentially limit expenditures. Additional recommendations address limiting expenditures by elected officials under certain circumstances, maintaining a job cost system to track labor and materials funded by General Services for the benefit of other departments, and effecting revisions to asset tracking policies for extensively refurbished items. The Administration's response was generally disparaging of the report; however, it accepted 1 recommendation, accepted-in-part 3 recommendations and rejected 7 recommendations.

Within days of the report being issued, the Administration launched an investigation of the Inspector General's expenditures and filed a complaint with the Jefferson Parish Ethics and Compliance Commission (JPECC). The JPECC, after its own investigation, found that the complaint was without merit.

Investigation: 2019-0011 Personnel Department-Determination of Eligibility



A former Parish employee submitted altered documents and made representations indicating that s/he had earned two college degrees. No degrees had been earned.



The Parish Personnel Department was not engaging in validation efforts related to claimed education and work experience when those elements were required for eligibility.

An investigation was conducted into the recruitment and appointment to the position of Assistant Director - Emergency Management, e.g. whether the individual appointed met the minimum qualifications for the position. The report addresses, in large part, weaknesses observed in the Personnel Department's process for verifying applicant education and work experience for the purpose of determining their eligibility for the applied for position.

The report determined that an employee, who has since left the position, submitted falsified documentation. Additionally, the report found that existing controls did not require validation in a customary and prudent manner. The report contains two specific findings and recommendations that are summarized as follows:

Finding 1: The Personnel Department should verify the education and certifications before determining eligibility where education and certification is relevant to meeting minimum qualifications.



Finding 2: The Personnel Department should verify work experience before determining eligibility where work experience is relevant to meeting minimum qualifications.

The JPOIG determined that the individual conduct of the former parish employee may have violated provisions of State law related to the filing of false documents. The JPOIG referred the matter to the Jefferson Parish District Attorney, Sheriff's Office, and the Attorney General's Office. Charges were filed by the Louisiana Bureau of Investigation with the Jefferson Parish District Attorney's Office.

Importantly, the Personnel Department submitted a corrective action plan with which the JPOIG fully agreed. Corrective measures were implemented before the report was even finalized. The Personnel Department and the Personnel Board acted decisively to address these concerns upon receipt of the draft report and should be commended for their actions.

The JPOIG received a written response from the Deputy Chief Operating Officer on behalf of the Administration that demonstrated decisive action by the Administration to address the personnel matters shortly after receiving notice of the JPOIG findings. We appreciate the administration's support and corrective measures.

**Audit: 2018-0021 Jefferson Parish Greater New Orleans, Inc. Economic
Development Services**

-  Questioned \$630,000 in expenditures involving restricted funds.
-  Identified a potential conflict of interest between a Parish employee and service on the board of the recipient vendor.

An audit was performed to review and assess the cooperative endeavor agreement (CEA) for economic development services between the Parish and Greater New Orleans, Inc. The CEA's are often retroactive in nature coming after the services are rendered. Additionally, the nature of regional planning efforts can make determining "deliverables" to single a jurisdiction, or part thereof, difficult.

The audit found that the structural issues with the existing CEA was a factor in the vendor's inability to comply with certain terms. Additionally, the retroactive nature of each CEA, coupled with the lack of clearly established deliverables, created compliance concerns with state constitutional requirements on fund expenditure. Further, certain funds used are restricted to specific purposes resulting in questioned costs of \$630,000. Lastly, a potential conflict of interest was identified as a Jefferson Parish employee was also serving on the Board of the recipient vendor agency.

The report made four (4) recommendations and one (1) observation as summarized below:



- Finding 1: Require by ordinance that all CEA are routed through the Parish Attorney's Office (PAO) for approval prior to being placed on the agenda for ratification.
- Finding 2: The PAO should ensure all future CEAs with GNO, Inc. clearly establish deliverables and performance metrics that comply with the millage limitations.
- Finding 3: The Administration should require that the CEAs with GNO, Inc. be assigned to a department for contract management that includes compliance and monitoring
- Finding 4: The JP Council and Administration should develop a process, policy, or ordinance to address and evaluate potential conflicts of interest between parish employees and service to, or participation with, vendors receiving funds from the Parish.

Observation:

The JPOIG recommends that the Council enact an ordinance requiring that the PAO develop and maintain standard contract forms for Intergovernmental Agreements (IGAs), Cooperative Endeavor Agreements (CEAs), bids contracts, Requests for Proposal (RFP), and Professional Service contracts.

Responses were received from the Yenni Administration and Councilmembers Ricky Templet, Cynthia Lee-Sheng, and Keith Conley.

Investigation 2018-0028 - Planning Advisory Board Member

-  The Parish Council does not have an effective method for vetting Parish Board members for eligibility, which resulted in the appointment and reappointment of Mr. Usey.
-  Referrals were made to the Plaquemines Parish and Jefferson Parish District Attorney's, Sheriffs', and the Assessors' offices.

An investigation was conducted into whether Mr. Kirk Usey's appointment to the Planning Advisory Board ("PAB") on behalf of District 3 met the qualifications for appointment.

It was determined that the appointee did not meet the parish residency or voter requirements. Further, the Parish does not have a process or procedure to ensure that appointees to the PAB meet and maintain eligibility during their term. Lastly, the appointee failed to cooperate with the JPOIG as required and maintained two Homestead Exemptions.

During a period after the Council had been notified of regarding compliance with requirements for appointment, Councilman Mark Spears brought a floor resolution before the Parish Council to reappoint Mr. Usey to the PAB, which was unanimously adopted by the Parish Council.

The report resulted in multiple recommendations.

Parish Council should ensure that:

1. Council nominees meet qualifications for appointment.
2. Nominees complete attestations on qualifications and conflicts before appointment.
3. No board member be voted upon by the Parish Council until all documents are validated.
4. Measures are implements to assure continued eligibility during the term of appointment.
5. A specific entity is tasked with receiving and validating documents for nominated appointees.
6. Mr. Usey is replaced by an individual who meets the qualifications.

Parish Administration should ensure that:

1. Parish President Board nominees meet qualifications for appointment;
2. Parish President Board nominees complete attestations on qualifications and conflicts.



Parish Council and Administration ensure that they coordinate:

1. To designate an individual, such as the Parish Governmental and Ethics Compliance Director, to assure that board nominees meet all appointment qualifications and have completed required attestations and disclosures prior to Council action on the nomination.

Councilwoman Cynthia Lee-Sheng submitted a written response citing a "need to ensure that board appointees submit properly completed paperwork necessary for them to serve in their appointed positions." Councilman Dominick Impastato acknowledged and generally accepted recommendation #1 through #5. He rejected Recommendation #6.

Based on the nature of the information developed, referrals were made to the Plaquemines Parish and Jefferson Parish District Attorney's, Sheriffs', and the Assessors' offices.

Investigation: 2017-0022 Elected Official Receiving Something of Value

-  Between 2014 and 2017 a Parish Councilman's restaurant rewards card was credited with \$35,443.65 in food and beverage purchases across more than 500 meals, including food and beverages purchased by Parish vendors.
-  Parish vendors involved were awarded more than \$46M in contracts and made campaign contributions of more than \$70,000 during the period of review.

An investigation was conducted regarding complaints that an elected official was receiving something of economic value resulting from his use of a restaurant rewards card program.

Investigation revealed that Councilman Johnston dined at Copeland's restaurants and that Parish vendors, on occasion, paid for the meals. When vendors paid for the meals Councilman Johnston's Lagniappe Club account was credited with the value of the whole dining bill. Councilman Johnston also accepted rewards points for the whole dining bill when dining with others at Copeland, including Parish employees and other elected officials.

Louisiana Ethics Law permits vendors to expend funds, within certain limits, for the meals of public officials when consumed in the vendor's presence. The benefits of the Lagniappe Club credits may not have met this criteria as they could be used at any time.

Between 01/23/2014 and 12/31/2017, Councilman Johnston's Lagniappe Club was credited with purchasing \$35,443.65 in food and beverages across more than 500 meals, including food and beverages purchased by Parish vendors. Having received credit for these transactions, Councilman Johnston earned points that were converted into 2,885 Lagniappe Dollars, or \$2,885 redeemable at participating restaurants. Vendors associated with the activity were awarded more than \$46M in contracts and made campaign contributions of more than \$70,000 during the period of review.

Based upon the data analysis, the JPOIG reached four (4) separate findings summarized as follows:

- Finding 1: Councilman Johnston received something of economic value from Parish vendors in the form of Copeland Lagniappe Dollars.
- Finding 2: Councilman Johnston may have received something of economic value from Parish employees.
- Finding 3: Parish vendors may have given something of value to Councilman Johnston.
- Finding 4: Councilman Johnston received something of economic value from Parish vendors and Parish employees.

Councilman Johnston responded to the report that he "ended the practice of acquiring food credits" before being aware of this investigation and seeking additional time for review.

This report was referred to the Jefferson Parish Ethics and Compliance Commission and the Louisiana Board of Ethics for consideration and appropriate action.

Investigation: 2018-0007 Vehicle Tracking

- ☞ Determined that over the two year period of review the Parish collectively paid \$69,965 for devices that were dormant.
- ☞ The Parish has not engaged in the management of idle time. The data reflects that for 52% of the fleet that is monitored there were more than 390,000 hours of idle time representing approximately \$756,265.24 in fuel costs.

An investigation conducted relating to the Jefferson Parish's Vehicle Tracking and Management System. The report addresses, in large part, the Parish's implementation, use, and practices related to the vehicle tracking and management system acquired under the contract with Sprint from 01/01/2016 to 12/31/2018. During the period of this investigation, Jefferson Parish utilized GPS based vehicle tracking devices for aide in the fleet management of more than 500 vehicles. The vehicles monitored during this investigation were assigned to 10 separate departments. The system provides data and analytics that permit Parish management to monitor vehicle locations, driving behaviors, optimize driver dispatch and routing, assess vehicle performance, etc.

The report includes three (3) findings summarized as follows:

- Finding 1: The Vehicle Tracking and Management System is underutilized based in part on the decentralized implementation and lack of engagement of additional data offered through the system such as predictive maintenance, and diagnostic reporting, and driver safety tracking accident reporting.
- Finding 2: Inadequate system management resulted in \$69,965.72 being expended for dormant devices in 2017 and 2018.
- Finding 3: Excessive Vehicle Idle Time analysis for 2016, 2017 and 2018 identified 393,979 hours of collective idle time at an estimated associated costs of \$756,265.24 for the 52% of the fleet which is monitored.

To address the findings, the JPOIG recommended that the Administration consolidate the current 14 user portals into a single managed portal to ensure consistent data management and allow for department-specific access to individual vehicle information. The JPOIG also recommended that the Parish Administration direct purposeful management initiatives through Parish-wide policy to reduce vehicle maintenance costs, track and enhance driver safety, reduce idle time, and utilize the program's accident reporting and data collection. Additionally, Parish departments should reconcile existing tracking devices to assure that the Parish is not expending funds for dormant devices. Lastly, the Parish Administration should explore options through the LDEQ and EPA for grants available to reduce diesel emission from idle time.

Parish President Cynthia Lee-Sheng's Administration agreed with all three (3) recommendations. Further, the Administration committed to identify personnel to develop and implement a Corrective Action Plan with the goal of allowing for: (i) a more uniform and consistent approach to managing and evaluating the data collected by the system; (ii) proper inventory management of tracking devices to facilitate maximum cost control; and (iii) assessment of data to effectively reduce idle times and manage maintenance of Parish vehicles.

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	<u>\$ 6,320,849.95</u>
	\$ 53,052,127.20

BP Expenditures

Description	Starting Amounts	Interest Posted	Money Returned	Total Revenue	Total Expended	% Expended	Current Balance
Council District 1	\$ 12,031,277.25	\$ 236,221.45		\$ 12,267,498.70	\$ 12,246,091.40	100%	\$ 21,407.30
Council District 2	\$ 5,000,000.00	\$ 168,347.36	\$ 12,478.00	\$ 5,180,825.36	\$ 4,804,598.57	93%	\$ 376,226.79
Council District 3	\$ -	\$ -		\$ -	\$ -		\$ -
Subproject 000	\$ 5,000,000.00	\$ 355,198.36		\$ 5,355,198.36	\$ 5,368,996.00	100%	\$ (13,797.64)
Subproject 001 Restoration	\$ 3,000,000.00	\$ -		\$ 3,000,000.00	\$ 3,000,000.00	100%	\$ -
Council District 4	\$ 5,000,000.00	\$ 49,220.40	\$ 646,303.00	\$ 5,695,523.40	\$ 5,672,291.00	100%	\$ 23,232.40
Council District 5	\$ 5,000,000.00	\$ 312,692.98	\$ 14,968.00	\$ 5,327,660.98	\$ 948,520.00	18%	\$ 4,379,140.98
Council Districts Total	\$ 35,031,277.25	\$ 1,121,680.55	\$ 673,749.00	\$ 36,826,706.80	\$ 32,040,496.97	87%	\$ 4,786,209.83
Jefferson Parish Administrative Projects	\$ 6,320,849.95	\$ -		\$ 6,320,849.95	\$ 3,023,266.90	48%	\$ 3,297,583.05

The BP Expenditures table above demonstrates the status of accounts. The Parish Council has expended 87% of the BP discretionary funds, although expenditures vary considerably across the various council districts. This is compared to expenditures amounting to 68% of Council funds at the close of 2018. Full details of the individual expenditures can be found by visiting www.JPOIG.net. Collectively, the 5 Parish Council Districts earned \$1,121,680.55 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 \$3,023,266.90 or 48% overall. This is compared to expenditures of 45% of the Administrative funds at the close of 2018.

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 Churchill 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	\$ 273,272.35	\$.32
21 Consolidate Water Dist 1	\$ 325,382.76	\$ -	\$ 325,382.76
22 Fire Protection Dist 3	\$ 299,149.37	\$ 44,367.39	\$ 254,781.98
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	\$ 3,023,266.90	\$ 3,297,583.05

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

At the inception of the JPOIG, the future of the Parish's two most significant assets were in flux: West Jefferson Medical Center (WJMC) and East Jefferson General Hospital (EJGH). On 09/13/2013, the JPOIG issued its first report, a monitoring memorandum addressing the retention of consultants and engagement in negotiation for the disposition of the two hospitals. Since the first monitoring memorandum, the JPOIG has issued several more memorandum as the office continued to monitor transactions related to the hospitals and expenditure of public funds related thereto.

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. Post-closing, there remained two outstanding issues: (1) reconciling net working capital for the hospital between the Parish and LCMC, and (2) closing an escrow account into which was deposited \$20 million to allow for certain contingencies. The parties entered arbitration, each side retaining their own subject matter expert, to resolve a dispute over the value due each of net working capital. The issue was resolved. Still, there still remained the disposition of \$20 million held in escrow. After additional dispute between LCMC and the Parish, the Parish received approximately \$18 million for the Hospital District. The balance held in escrow remained in dispute and rested on each parties' differing interpretation of certain provisions of the lease documents. A settlement and compromise were reached on the balance in escrow, and the escrow account was closed.

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

Position Paper: Proposed Amendments to the Personnel Rules- Classified Service

On 12/09/2019, the JPOIG submitted a position paper regarding proposed amendments to the Personnel Rules for the Classified Service. These amendments were designed to change how a classified employee's prior years of service may be calculated in regards to qualifying for and obtaining longevity raises and accumulation of annual leave. The changes would result in the inclusion of service rendered prior to a separation in Parish service. But more importantly, the proposed amendments and the review process to analyze the effects of the amendments were being hastened at an unusual rate, which drew questions from numerous concerned Parish employees.

Our assessment of the proposed amendments resulted in the JPOIG noting multiple issues, brought forward at the Personnel Board meetings by various parties, that lacked the level of assessment and/or clarity desired prior to action to consider adoption of the proposed amendments to the Personnel Rules.

While the JPOIG did not take any specific position on the amendments, the JPOIG noted that other clear solutions to address the problem of attracting and recruiting former employees back to the Parish needed to be considered. The JPOIG urged that all of the issues brought forth be considered carefully for proper implementation before approving the amendments to promote transparency as well as efficient and effective governance.

(As of 03/31/2020)

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