

Jefferson Parish

2020 Annual Report

Office of Inspector General



David N. McClintock
Inspector General



OFFICE OF INSPECTOR GENERAL JEFFERSON PARISH

DAVID N. McCLINTOCK
INSPECTOR GENERAL



March 31, 2021

Inspector General's Message

To: Members of the Jefferson Parish Ethics and Compliance Commission

Cc: Jefferson Parish Councilmembers and Parish President

On behalf of the Office of Inspector General (OIG) team, it is my pleasure to present the Jefferson Parish Office of Inspector General's (JPOIG) 2020 Annual Report. The report highlights our efforts to promote efficiency and effectiveness in government detecting and preventing fraud, waste, and abuse over the past year.

In 2020, the JPOIG processed 46 complaints and achieved the following:

- Questioned \$5,063,364 in expenditures of public funds;
- Issued six (6) reports and five (5) follow-up reports;
- Continued ongoing monitoring involving more than \$600 Million; and
- Published one (1) COVID monitoring memorandum.

COVID-19 affected every citizen of the Parish, and by extension Parish government. The JPOIG continued to provide oversight while implementing safety measures for JPOIG employees consistent with local and state policy. The JPOIG engaged in numerous virtual meetings and interviews throughout the year to ensure continued productivity. When the Parish Administration exercised emergency procurement authority to acquire cloth masks, the JPOIG engaged in oversight and review while not inhibiting the distribution of needed supplies.

This reporting period also marks a new era of cooperation and engagement. Beginning in 2020, the Administration positively engages with the JPOIG, attends meetings of the Ethics and Compliance Commission, engages in thoughtful review of our recommendations, participates in many post report meetings and implements change. We look forward to further collaboration in the year to come.

Individually, Parish Councilmembers remain responsive when reports impact their respective council districts. Collectively, the Parish Council is potentially the most powerful source for positive change. The JPOIG will continue its effort to encourage the Parish Council to collectively respond to JPOIG findings and recommendations.

I want to thank the JPOIG staff for their commitment and professionalism in serving the citizens of Jefferson Parish. This report reflects their great work during an interesting and trying time. Additionally, I want to thank the Ethics and Compliance Commission for its continued service, encouragement and insight. Further, the Quality Assurance Review Committee deserve considerable thanks for their annual review and feedback of our work product. It is valued.

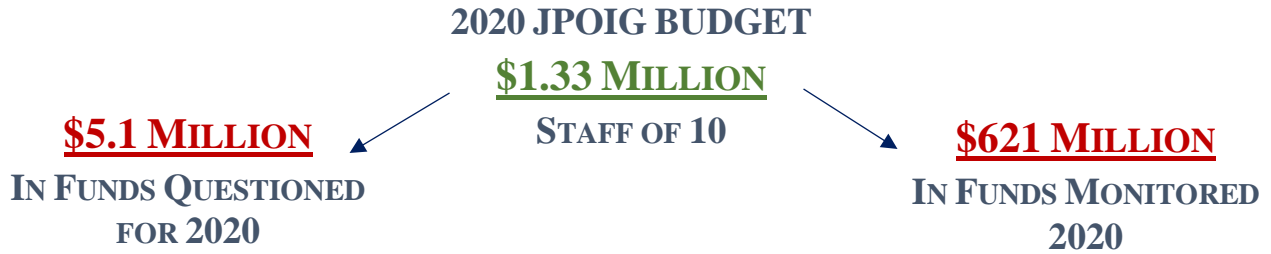
In closing, and on behalf of the entire JPOIG team, I want to express my appreciation for the level of engagement of the citizens of Jefferson of Parish for their continued and unwavering support of the office and its mission. This past year the citizens voted to continue funding the office through 2032.

Very Truly Yours,

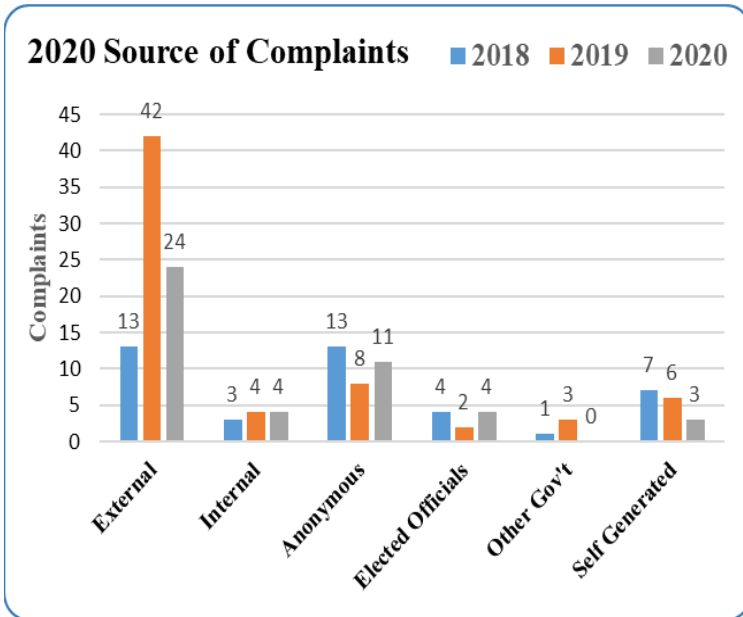
A handwritten signature in blue ink, appearing to read "David N. McClintock". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

David N. McClintock

QUICK FACTS



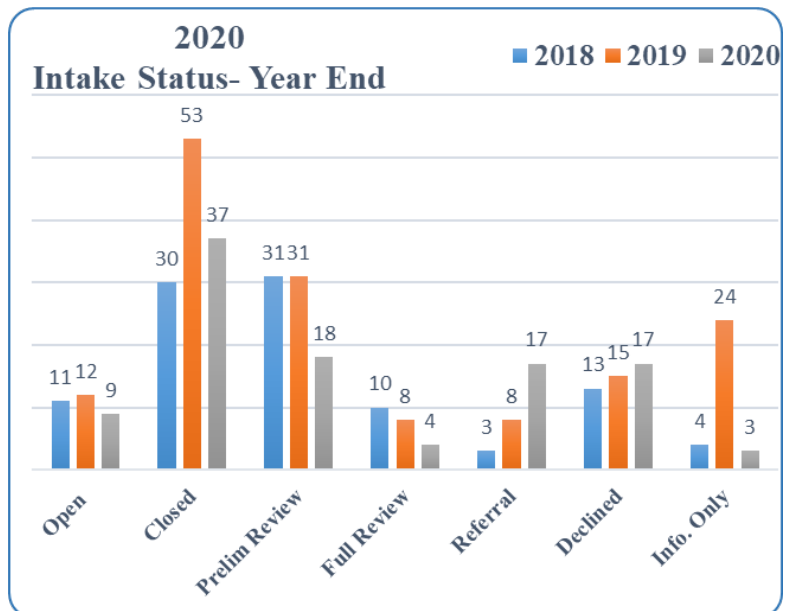
WHO TALKS TO THE JPOIG?



Complaints

The JPOIG logged 46 new complaints from various sources in 2020. External complaints are those received from sources who are not part of Parish government. There were 24 external complainants recorded in 2020, representing the most common source of complaints. Anonymous complaints continue to be a significant source. There were 11 anonymous complaints received.

Information is the backbone of the JPOIG. The process for tracking and managing the data begins with an “Intake”. Intakes may be assigned for a Preliminary Review, a deeper assessment of the information received. Intakes may result in full investigations, audits or reviews. They can also result in referrals to outside entities or declined. Information generated by Intakes may also be considered as “information only”.



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 31st, and covers the preceding calendar year, in this case 2020. The report is provided to the Jefferson Parish Ethics and Compliance Commission (JPECC) 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.¹ The statutes further provide for investigative powers, subpoena power, and for 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 further provides that the office’s authority extends throughout Parish government, its special districts, and those entities receiving funds from the Parish. Finally, the retention of Counsel is specifically permitted, and the funding source is established as a special millage.

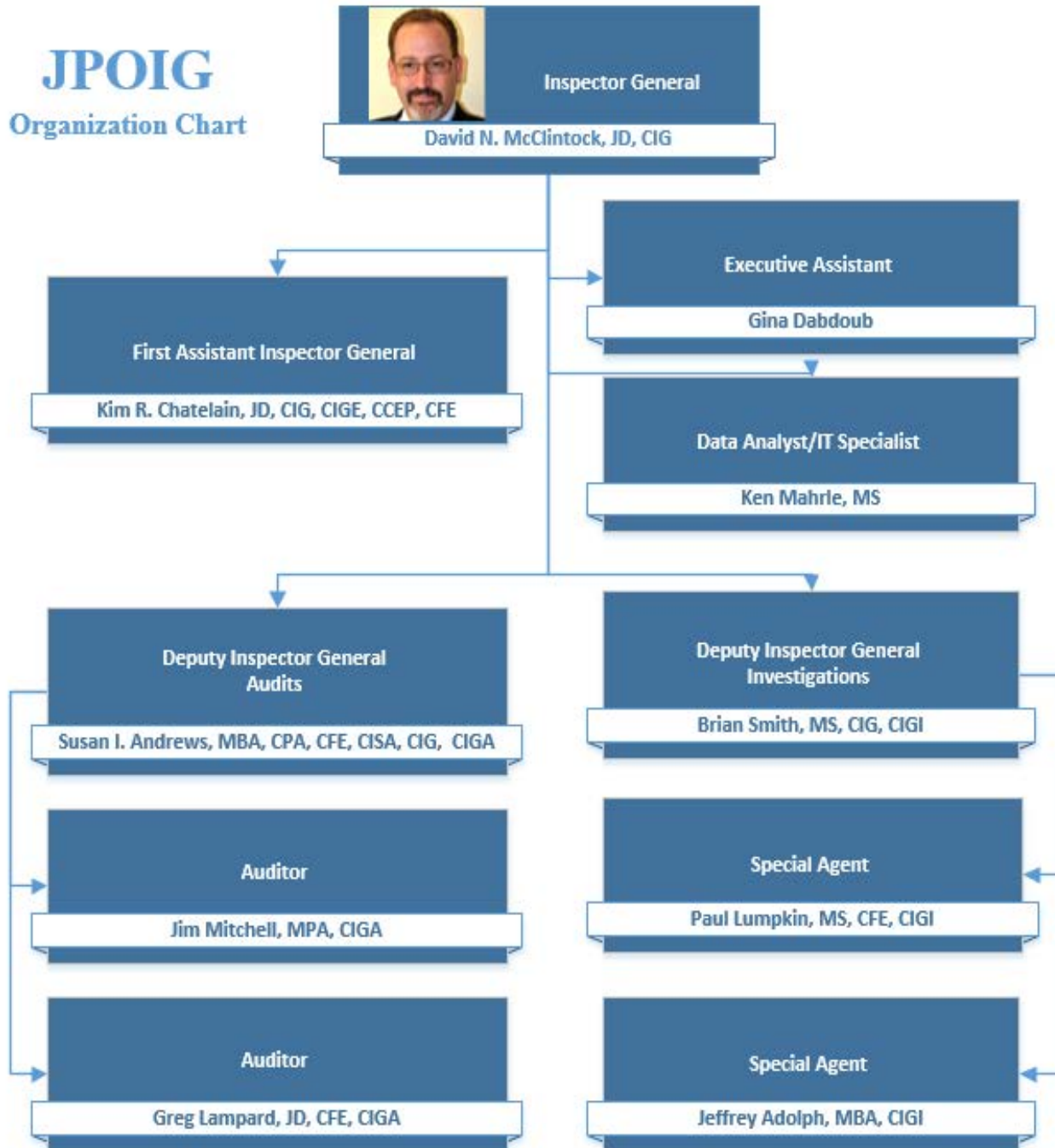
Jefferson Parish Code of Ordinances (JPCO) §2-155.10

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

¹ LA R.S. 33:9611(A).

OFFICE ORGANIZATION AND STRUCTURE

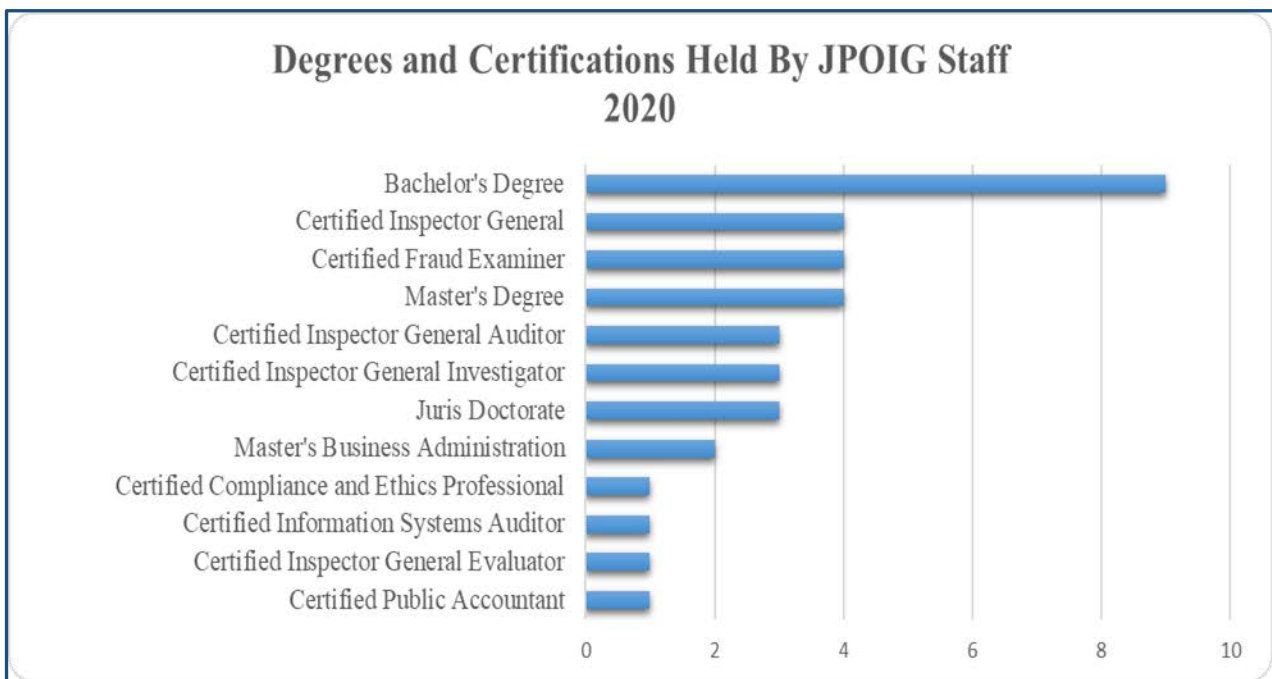
The Inspector General organized the JPOIG into two sections: (1) Audit and (2) Investigations. The functions and operations of the office are supported through 10 staff positions that include a 1st Assistant Inspector General and two Deputy Inspectors General.



The 1st Assistant Inspector General serves as the General Counsel and provides legal support across operations. 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 JPOIG 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 relies upon Parish departments providing administrative and support services such as: human resources, payroll, purchasing, and general services. Because these are provided to the JPOIG through the Parish, the JPOIG is able to dedicate its limited resources to positions and functions that directly support our independent function: to prevent and detect fraud, waste, abuse and illegal acts.

The JPOIG staff are professionals with diverse skill sets, who collectively possess the capability to execute assignments across functional areas. The following chart depicts the education and certification level of the JPOIG staff.



The 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 which are subject to national professional standards. These standards and the related best practices address operational, investigative, and audit functions.

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 International Professional Practices Framework (IPPF) which includes audit standards promulgated by the Institute of Internal Auditors (the “**Red Book**”).

The JPOIG is required to undergo a “peer review” to ensure ongoing and continued compliance with applicable standards. Peer review is conducted every three years. The JPOIG was last subject to peer review in 2017 and received a positive review. The JPOIG will be peer reviewed again in 2021.³

REVIEW OF THE JPOIG

The JPOIG work product is subject to review in three distinct ways:

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

The JPECC holds monthly public meetings. Each meeting the JPOIG provides status updates on pertinent operational issues and presents recent reports. The five members of the ECC routinely inquire into our work product, the impact and the expected outcome the work may have for the Parish.

2. National Peer Review

The peer review is conducted onsite by team of qualified experts from the Association of Inspectors General (AIG). It is designed to measure compliance with national standards. Peer review is required by ordinance and is generally performed on a 3-year cycle.⁴

- Our most recent review was conducted in October of 2017. The opinion that the office was in compliance was issued without limitations or qualifications and no findings or recommendations were made.
- The JPOIG was scheduled for review in 2020. This review has been delayed due to COVID-19 and is tentatively scheduled for October 2021.

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*.

³ Peer review would have been conducted in 2020, but was delayed due to COVID-19.

⁴ JPCO 2-155.10(16)(b).

3. Quality Assurance Review Committee (QAR)

The QAR Committee members are:

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

These same individuals have served on the QAR since first being appointed. The QAR Committee reviews and assesses the JPOIG's published work product for the year and issues a written report.⁵

The most recent QAR report and JPOIG response may be found in totality on www.JPOIG.net or via the following link: [2019 QAR Report and JPOIG Response](#).

In 2019, the QAR committee wrote that:

The Office of the Inspector General continues to deliver accountability and oversight of government functions in positive, constructive ways by operating fairly and without political or personal agendas, thus maintaining productive dialogs with all branches with which it interacts. Moreover, it does so while maintaining adequate distance and objectivity to enable it to effectively demand accountability and point out shortcomings in components and processes in need of repair when necessary.

2019 QAR Recommendations

The 2019 QAR Report made one recommendation to the Parish Administration to consider enacting a protocol which would require that Parish Security Department incident reports be routinely forwarded to the JPOIG for review. These reports can include information which is of value to the JPOIG mission to detect and prevent fraud, waste and abuse.

Recently, the recommendation was acted upon by the Administration. This resulted in the JPOIG receiving incident reports. The JPOIG appreciates the level of detail in which the QAR considers the data and their thoughtful recommendations.

2018 QAR Recommendations

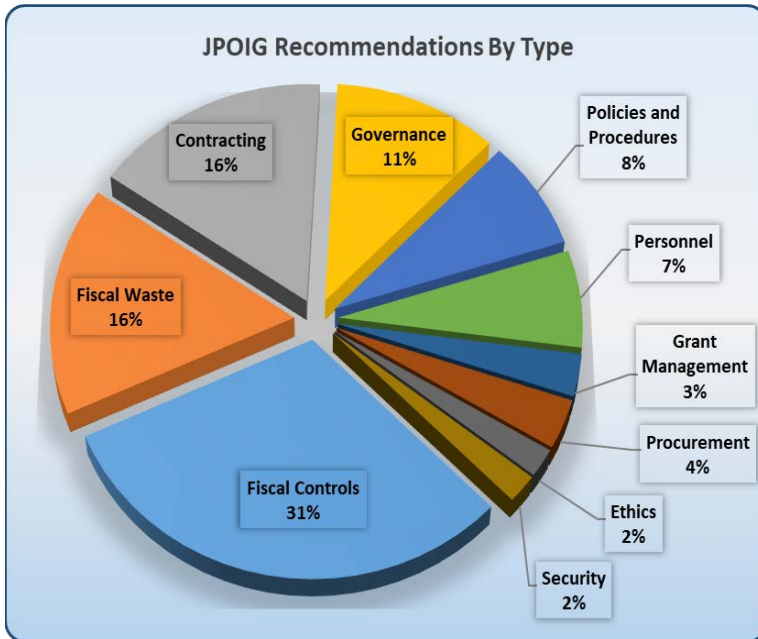
2018 QAR recommendations included a recommendation that the JPOIG implement a Recommendation Tracker. The JPOIG acted on the recommendation and generated a Recommendation Tracker that reflects each recommendation made by the JPOIG and the subsequent responses by the recipients. The most recent version of the tracker may be found on www.JPOIG.net or via the following link: [JPOIG Recommendation Tracker](#).

The Recommendation Tracker captures data based upon the issuance of 39 reports. The reports contain 202 recommendations and presented 1699 opportunities for Parish decision makers to respond. Parish decision makers include elected officials, department heads, directors of quasi-governmental entities and other senior staff. The Parish Council presents unique issues for

⁵ JPCO 2-155.10(16)(a).

engagement. There are seven (7) elected Council positions. However, no one is specifically delegated the responsibility or authority to respond to any JPOIG recommendations. The JPOIG often does not receive any collective response from the Parish Council. The JPOIG may receive a response from an individual Council member speaking for one council district.

Still, there have been 1,699 opportunities to respond, but only 330 written responses received. This represents a 19.4% engagement. On a positive note, this is up from 17% the prior year.

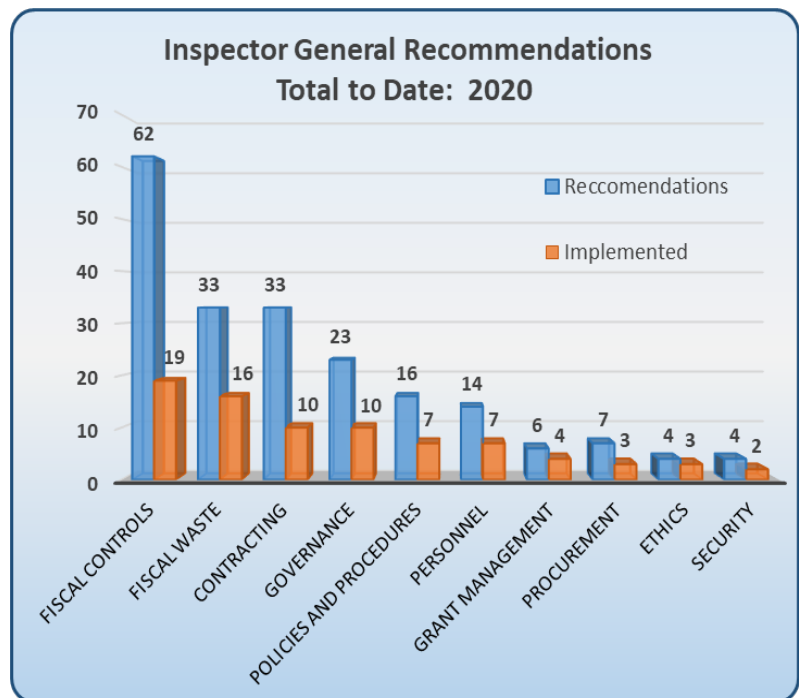


Of the 330 responses to recommendations, the data reflects that 163 (49%) were accepted; another 23 (7%) were accepted-in-part; 58 (18%) were rejected; and 86 (26%) resulted in no position being taken.

Recommendations may be made across many different areas of government operations. The chart at left shows the percentage of each category of recommendation. Fiscal Controls dominate, representing 31% overall. The top 4 categories of recommendations collectively represent 74%. These are Fiscal Controls, Fiscal Waste, Contracting, and Governance,



Ultimately, the objective is to ensure that corrective actions are taken and/or implemented. Corrective action was implemented at some level in 186 of the 330 recommendations. This means that 56% of all recommendations resulted in some type of corrective action by the Parish.

The operational opportunities for corrective actions and the ratio of action taken. See the chart right. Fiscal Controls is the largest area for operational concern and is the area where corrective action is least implemented, with a ratio of 30.6%. The only area with a lower rate of corrective action is Contracting, with a ratio of 30.3%.



BUDGET/FUNDING LEVEL 2020

Overview

-  Total revenue of \$1,405,620 and total expenses of \$1,336,055.
-  Completed 2020 with a \$1,292,848 fund balance. (Reserve)

The JPOIG discusses the current millage (dedicated revenue) for the JPOIG and related fiscal expenditures. Separately, the JPOIG discusses the funding level for JPOIG mandated operations, e.g. revenue generated through dedicated funding relative to the legal mandates of the office.

Budget

The JPOIG receives the proceeds of a special tax that is dedicated to providing, maintaining, administering and operating the JPOIG. The JPOIG shares this dedicated revenue with the Ethics and Compliance Commission (ECC) by law.⁶ During FY2020, the JPOIG's notable areas of expenditure were:

\$1,081,615 in employee salary and benefits.

\$ 98,688 in annual office space rental (remained unchanged).

JPOIG –ECC Combined Financial

	2017 Actual	2018 Actual	2019 Actual	2020 Actual
Beginning Fund Balance	1,213,966	1,222,704	1,266,313	1,223,283
Millage Related Revenues				
Ad Valorem (Millage)	1,255,033	1,277,097	1,294,951	1,328,203
Ad Valorem - Back Taxes	1,159	1,946	3,845	2,065
Payment in Lieu of Taxes	5,115	5,240	5,240	4,927
Subtotal	1,261,307	1,284,283	1,304,036	1,335,195
Other Funding				
Interest on Account Funds	22,267	29,885	35,848	58,390
Other Financing Sources	7,279			12,035 ⁷
Total Revenues	1,290,853	1,314,168	1,339,884	1,405,620
Expenditures				
Total Expenditures	1,282,115	1,270,559	1,382,914	1,336,055
Ending Fund Balance	1,222,704	1,266,313	1,223,283	1,292,848

⁶ Jefferson Parish Charter §4.09 (D)(1).

⁷ Funds received from Cares Act.

JPOIG FUNDING AND MANDATE

Funding

Funding for the JPOIG and the JPECC was established through the re-dedication of an existing millage that was approved by the voters in 2011. The millage was approved for 10 years. The millage is assessed at .5 mills. This generated \$1.3M in 2020.⁸

In November 2020, the voters had the opportunity to renew the existing millage. The millage was approved, thus extending funding through 2032.

Current Funding Levels

Current funding levels are consistent with and support adequate investigative and audit functions. However, current funding levels do not support a separate inspections and performance review section. Inspections and review is mandated by Charter. When the voters of Jefferson Parish approved an amendment to the Parish Charter creating the JPOIG, the amendment mandates 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)

The JPOIG has consistently reported that revenue generated by dedicated millage funding is insufficient to create and staff an inspections and performance review function. During this reporting period, the Bureau of Governmental Research (BGR) examined the JPOIG operations ahead of the millage renewal appearing on November 2020 ballot.⁹ The BGR's report recognized the value that an inspections and performance review program provides to an office of inspector general:

Inspections and performance reviews, the third pillar of the program, evaluate the efficiency and effectiveness of government operations and make recommendations for improvement.

An inspections and performance review section would provide a source of factual and analytical information, monitor compliance, measure performance and assess efficiency and effectiveness to provide decision makers with information which would improve government operations. Inspections, evaluations and reviews represent an independent assessment of the design, implementation and efficiency of a particular system, process or program.

Efforts to locate funding for an inspection and review function remains an ongoing effort.

⁸ The .5 mills is currently rolled back to .47 in accordance with Parish practice.

⁹ <https://www.bgr.org/report-index/bgr-analyzes-jefferson-inspector-general-tax-renewal-proposition/>

INTAKE, REVIEW AND REPORT ISSUANCE

Overview



THREE-PHASE REVIEW

Information received is subjected to a progressive 3-phase process.

- Initial intake/receipt,
- A preliminary review, and
- 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.



FINAL

Investigative and Audit reports are provided to:

- Parish and Non-Parish
- Jefferson Parish Ethics and Compliance Commission (JPECC)
- Public

Reporting and Corrective Action Plan Process

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

Phase 1 – Parish Recipients

A confidential draft is provided to Parish recipients 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 between the JPOIG and Parish recipients shortly after issuance of a draft report. Recipients may include Parish department heads, administrators and Councilmembers. A meeting provides the opportunity to:

- Discuss any potential errors in the report, discuss the findings in depth and discuss all viable corrective actions.
- Develop a Corrective Action Plan (CAP) 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”.
- Receive written responses that may incorporate the specifics of the CAP and that accompany the final report.

Phase 2 – Non-Parish Recipients

In 2019, the Parish Council amended the JPOIG’s ordinance. The ordinance, as amended, provides for a 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 periods, the JPOIG finalizes the report. The final report is provided to all original recipients, Parish and Non-Parish. It is also provided to the JPECC. The report is issued electronically to the public via www.jpoig.net and media outlets.

ANNUAL WORK PLAN

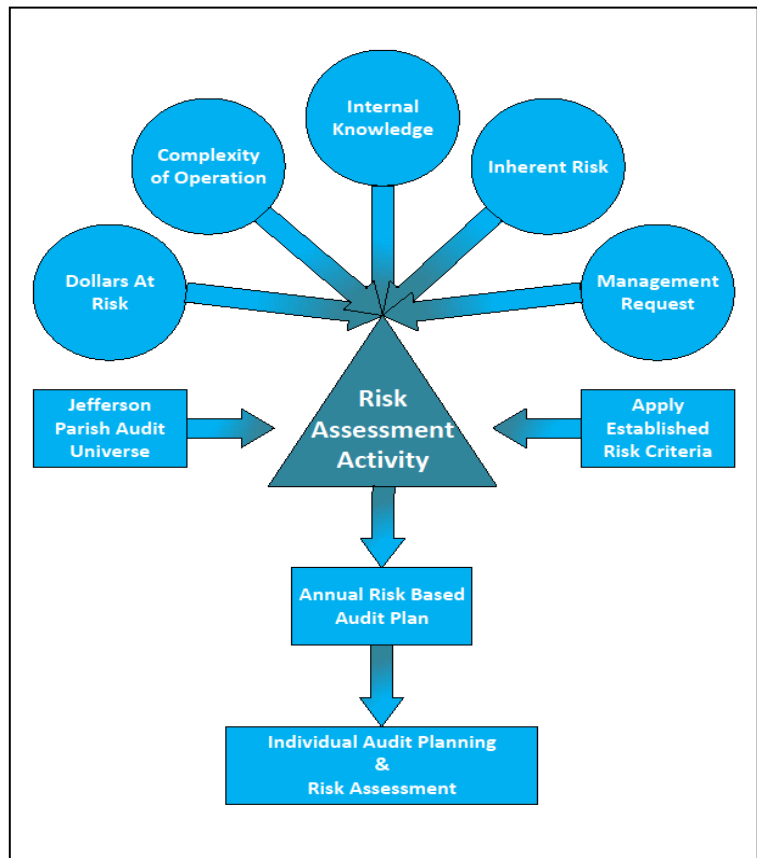
The Jefferson Parish Office of Inspector General (JPOIG) implements an Annual Work Plan in accordance with the mandate set forth in the Jefferson Parish Code of Ordinances §2-155(17). The Annual Work plan includes:

- (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

The JPOIG’s risk assessment is a process used for assessing and integrating the probability of the existence of adverse conditions and/or events. Based on the assessment, the JPOIG prioritizes audits throughout the year. New information and investigative audit demands may affect scheduled audits. The JPOIG reviews scheduled audits as an ongoing process.

To identify high risk areas, the JPOIG relies on discussions with Parish Administration, and 12 key, pre-defined, risk criteria which are ranked and weighted based upon subjective judgement of Parish operations. The risk assessment process is shown at right.



Green book vs Red book

Before undertaking an audit, the Inspector General, in consultation with the Deputy Inspector General Audit, determines whether an audit will be performed in compliance with the Red Book (in accordance with IPPF standards) or the Green Book (performed as a limited review, for a specific and finite purpose). Red Book compliant audits are more comprehensive. They are intended to cover an entire function, division or department within the Parish organization. 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.

To identify high risk areas for audit, we rely 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.

The JPOIG Audit Plan, in any given year, is impacted by staffing and resources. Throughout the year, the JPOIG receives information which pulls resources away from the Audit Plan to address emerging information. The result is a substantial amount of resources are redirected to address tips and leads received. Using complaint based information demonstrates the value of the JPOIG’s independent oversight ability. However, resource constraints limit the number of planned audits the JPOIG performs because of responsiveness to emergent issues and audit projects. Additional funding would be required to increase staff resources in order to address both areas adequately.

2020 Audit Plan

The 2020 Annual Audit Plan is the result of the annual risk assessment process.

The risk assessment is a systematic process for assessing and integrating professional judgements about the probability of the existence of adverse conditions and/or events. Based on the risk assessment, the Deputy Inspector General Audits will proceed with the audits of the areas presented in the adjoining table. Department-specific risk assessments are completed as part of the audit planning phase and are performed at the inception of each audit. Audits are planned for each quarter of the year, as set out in the Annual Audit Plan. As conditions change, audit priorities change. The annual risk assessment process is reviewed and updated throughout the year based upon emerging information and issues.

2020 PROPOSED AUDITS	
Audit	2020 Quarter
Cost Allocation Plan (Shared Services)	1
Water Department Billing/Rates	2
Parish Hiring Practices	3
Non Departmental Funds	4
Parish Bonds	1
Terrytown Booster Club Follow-Up	1
JP Leased Property Follow-Up	2
Water Department Physical Security Follow-Up	3
GNO Inc. Dev. Services Follow-Up	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 (1) partnering with management; (2) monitoring staff performance using computer-assisted case management; (3) developing staff professionally, internally and externally; (4) annual quality assurance review; (5) and tri-annual peer reviews conducted by the Association of Inspectors General.

Efforts to ensure internal quality assurance and improvement are met by (1), reviewing professional standards and implement internal policies and procedures; (2) participating in training and development activities; (3) striving to improve audit techniques, tools, and technology; and (4) ensuring activities are supervised.

Reports, Audits, Reviews, and Monitoring Activity Summary

The JPOIG published the following reports during the reporting period that questioned the expenditure of \$5,063,364. Additionally, two monitoring efforts continued through 2020. There is an on-going monitoring of the Parish's privatization of its two hospitals, West Jefferson Hospital and East Jefferson Hospital, valued in excess of \$563 million. Separately, the JPOIG monitors the expenditure of \$53.1 million in BP settlement funds.

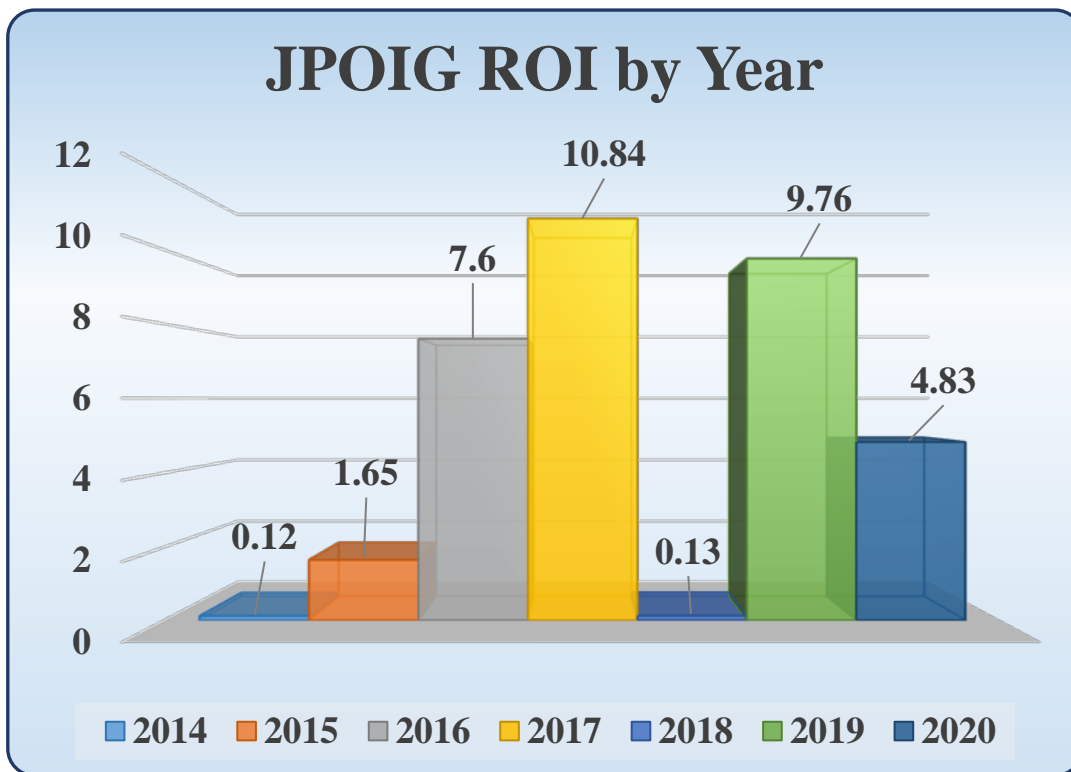
Funds Questioned and Monitored			
Case #	Investigation (I) Audit (A)	Title	Questioned Cost
2017-0027	A	Security Services Contracting	\$3,699,813
2016-0044	A	Transit: Bus Bench Advertising	\$176,832
2018-0020	I	Parks and Rec: Lafreniere Fin. Controls/Lost Rev	\$247,692
2017-0042	A	Council: Advertising and Communications	\$44,553
2016-0021	A: Follow-Up	Jefferson Parish Finance Authority	N/A
2014-0027	A: Follow-Up	Rickey Jackson: Courage House	N/A
2014-0029	I: Follow-Up	Constables and Justices of the Peace – Parish Funding	N/A
2020-0035	Other	COVID Monitoring Memo	N/A
2015-0002	A: Follow Up	Marrero Ragusa VFC	N/A
2019-0003	A	Office of Fire Services	N/A
2017-0017	I	Parks and Rec: Lafreniere Concert Events	\$894,474
2016-0013	A: Follow Up	Herbert Wallace Memorial VFC	N/A
2013-0032	A: Follow Up	Harvey VFC	N/A
Total Questioned Costs			\$5,063,364
	Monitoring	BP Settlement Funds - Deepwater Horizon	\$53,119,542
	Monitoring	Hospital Lease Negotiations and Monitoring	\$563,000,000
Monitored Funds:			\$617,694,986

The work of the JPOIG does not focus solely upon financial impact. Rather, the JPOIG will pursue matters that bear on core principals of good government, fairness and transparency. Improving government does not necessarily equate to fiscal impact.



Certain monetary metrics can be useful in assessing the overall impact of an oversight function. The JPOIG has calculated its own return on investment (ROI) metric for each year of its operation, and tracks and reports the cumulative average ROI ratio. This ratio, of annual questioned costs divided by annual expenditures, is only one of a number of available tools to assess value, as not every audit or investigation will produce a monetary value-added potential benefit for the Parish. The table below shows this ratio over time, and carries a cumulative average ratio of 5.0 for the 7 years of JPOIG operational history.

For example, in 2014, the JPOIG’s first full year in operation, reported only \$136,739 in questioned costs, yet the recommendations associated with those questioned costs were all well received by the Parish, with over 60% of the recommendations made being fully implemented. Conversely, in 2019, the JPOIG reported \$13.5 million in questioned costs, which increased the ROI to 9.76, and still 47% of the recommendations made were fully implemented.

This means than on average, the JPOIG finds and reports 5 times its cost in questioned or avoidable costs. The Parish may elect to effect these savings through its management of all JPOIG reported issues.



JPOIG # 2017-0027 Audit: Security Services Contracting

-  Inadequate contract management allowed for the delivery of goods and services at an increased cost to the Parish.
-  The Parish paid \$14,256 in sales tax that was avoidable.

The objectives of this report were to:(1) evaluate whether the Parish management of the security services contracts assured compliance with the material elements and terms; (2) analyze the billing elements and Parish’s payments under the contracts for reasonableness and fairness; and (3) assess the contracting methods used by the Parish for this type of service contract.

The JPOIG determined that the Parish entered into security services contracts that were inadequately structured. This resulted in sub-standard contract administration by the Parish. The lack of contractual oversight allowed for the delivery of goods and services at an increased cost to the Parish throughout the term of the contracts. The audit resulted in total questioned costs of \$3,699,813.

The JPOIG made eight (8) recommendations focused upon improving contract administration, best practices for invoicing and cost control, and the need for a comprehensive security services plan. The Administration agreed with all but two of the recommendations. Notably, the Administration disagreed with the recommendation relating to sales tax cost. The vendor agreed with all but one recommendation, involving needed controls to prevent overbilling, and deferred to the Parish on three recommendations involving lack of contract oversight, a re-design of the contract structure, and the establishment of a comprehensive security services plan.

Finding #	Recommendation Title	Parish Response	Non-Parish Recipient Response
1	Re-design Vendor Contracts with Proper Criteria	Agree	Defer to Parish
2	Establish Adequate Contract Oversight	Agree	Defer to Parish
3	Require support for Labor Invoices	Agree	Agree
4	Require support for Equipment Invoices	Agree	Agree
5	Extend Parish Sales Tax Exemption to Vendors	Disagree	Agree
6	Establish Controls to Prevent Overbillings	Agree	Disagree
7	Require Subcontractor Written Agreements	Disagree	Agree
8	Establish a comprehensive Security Services Plan	Agree	Defer to Parish

This audit demonstrated, as many cases have before, that a more comprehensive approach to contracting is required. The JPOIG is aware of a developing effort to advance contract management practices and looks forward to follow-up reporting.

JPOIG # 2016-0044, Audit: Transit, Bus Bench Advertising



\$176,832 in lost revenue.



Parish Council amended extending the contract, while in receipt of a JPOIG draft report, without consideration for corrective action.

The JPOIG Audit Section audited the contract managed by the Department of Transit Administration (Transit). The contract required the vendor to provide and maintain approximately 250 bus stop benches and bench based advertising. The audit also assessed the vendor’s compliance with contract terms and conditions. The Parish Council extended the three (3) year contract for an additional two (2) years during the pendency of the JPOIG draft report on this same matter.

The Audit determined that the Parish failed to issue an RFP with clear payment terms even when asked for such clarity by a prospective vendor during the RFP process. This resulted in a contract pricing structure that was not in the best interest of the Parish. The JPOIG also found that the vendor failed to comply with several contract terms. As a consequence of flawed contract terms, Transit struggled to monitor and enforce the contract terms. This resulted in lost revenue to the Parish in excess of \$176,832.

There were six recommendations made as reflected in the following table.

Finding #	Recommendation Title	Parish Response: Transit Department	Parish Response: COO	Non-Parish Recipient Response
1	Rebid the RFP with effective pricing structure	Agree	Agree	Disagree
2	Collaborate for contract efficiency.	Agree	Agree	Disagree
3	Develop compliance plans	Agree	Agree	Disagree
4	Enforce contract obligations	Agree	Agree	Disagree
5	Maintain bus bench inventory	Agree	Agree	Disagree
6	Revise JPCO: Include fiscal penalties and enhanced communication requirements in contracts.	Agree	Agree	Disagree

Parish Responses



Written responses were received from the Director of Transit Administration and the Parish’s Chief Operating Officer (COO). The responses each set forth initiatives the Parish would take regarding future Transit contracts.

The Parish Council did not respond. However, the Council was in receipt of the report when it amended the contract via Resolution 134140. The “Amendment No. 2 to Services Agreement By and Between Parish of Jefferson and Go-Graphics, LLC” exercised the two year renewal option within the first amendment to services agreement from 09/10/2019 – 09/10/2021.

Non-Parish Response

A response was received from the vendor. The vendor disagreed with all findings and recommendations.

JPOIG #2018-0020, Investigation: Parks and Recreation Lafreniere Park Financial Controls/Lost Rev

-  A substantial and persistent lack of financial controls existed at the Lafreniere Park facility resulting in approximately \$248,000 in lost revenue.
-  The Parish Administration, Parish Council and Personnel Department agreed with the recommendations and have initiated substantial corrective actions.

This case was initiated based upon external information. The main goals of this investigation were to: assess the Parish's fuel management within Lafreniere Park, assess cash management practices, assess revenue generating operations, and assess uses of funds.

The JPOIG found (1) approximately \$13,730 in fuel could not be accounted for; (2) as much as \$95,000 in revenue from token machines could not be accounted for; (3) approximately \$139,050 in rental fees were waived/not collected; (4) Assistant Park Manager used a Parish computer to access sexually explicit material from work; and (5) the Assistant Park Manager did not clock out personally, but directed employees to clock him out. JPOIG reported on the lack of controls over cash revenue; lack of controls/management of facility rentals and revenue; noncompliance with Parish procedures for cash handling; lack of effective controls over the Parish computer network; and inadequate control over the Park's time clock.



The JPOIG made seven (7) distinct recommendations that address lack of controls and which would reduce the risk of loss of revenue to the Parish in the future. They can be grouped and summarized below:

1. Implement a cash-free token-machine system for Lafreniere that accepts debit/credit cards. At a minimum, ensure compliance with the Parish's cash handling policies. These would have prevented the \$95,000 in revenue that was unaccounted for a 3 year period.
2. Establish policy and procedures for facility rental fees for Lafreniere and update existing Parish policies on facility rentals. This could have prevented the loss revenue to Lafreniere because use of the facilities was given to individuals at a discount.
3. Implement a cash-free policy for the payment of facility rental fees, including checks and/or credit/debit cards. This would have prevented the \$139,050 in lost revenue for Lafreniere Park associated with the use of facilities.
4. Establish controls to restrict access to inappropriate material from Parish network computers. This would have prevented access to sexually explicit material on Parish computer.
5. Fully utilize biometric functions on time clocks to prevent employees from clocking one another in or out of work.

The report was issued to members of the Parish Council, the Parish Administration, to include the Department of Parks & Recreation, and the Personnel Department. Councilman Dominick Impastato responded and agreed with the findings. The Administration responded and agreed with the findings. The Administration has taken action on all recommendations. The Personnel Department agreed with its respective finding.

The Investigative Section looks forward to conducting a follow-up review to assess the corrective actions implemented.

JPOIG #2016-0021, Follow-Up Audit: Jefferson Parish Finance Authority

-  The recommendation on financial sustainability was not resolved.
-  Net Assets continue to decline and expenses exceed revenue.

This is a follow-up to an audit of the Jefferson Parish Finance Authority (JPFA) issued on 12/12/2017. The audit resulted in 12 findings related to staff and Board expenses, professional services expenses, and the loan down payment assistance program. The audit determined cost exceptions totaling in excess of \$2.7 Million. The follow-up report assesses corrective actions taken by the JPFA’s management since the issuance of the original report.

The JPOIG received three separate, written responses to the audit report, (1) from the Chairman of the Board of Trustees for JPFA, (2) from an individual Board member of the JPFA, and (3) Parish Councilwoman Jennifer Van Vrancken. A copy of the full report can be located on JPOIG’s website.



The follow-up found that 10 of the 12 recommendations were resolved or resolved in-part. In those areas the JPFA and or the Parish has taken meaningful corrective actions resolving several long - term structural issues. However, one critical unresolved recommendation is the recommendation #10 “Financial Position/Sustainability”.

Follow-Up Summary				
Finding	Topic	Resolved	Un-Resolved	Resolved In-Part
#1	Employees Misclassified	✓		
#2	Executive Director			✓
#3	Assistant Director	✓		
#4	Retirement Benefits	✓		
#5	Trustee Per Diem	✓		
#6	Travel Expenses	✓		
#7	Professional Services Fees	✓		
#8	SMAP Premium Pricing		✗	
#9	HOME Fund	✓		
#10	Financial Position/Sustainability		✗	
#11	Operating Transfers	✓		
#12	Self-Governance	✓		

The JPOIG observed that since fiscal year 2012, the JPFA has incurred a total cumulative deficit of \$6.2 million and that the JPFA continues to spend more operating dollars than the entity is able to support. Further, the JPFA’s audited net assets reflect a decrease of \$3.2 million between 2017 and 2019. The downward trend has continued since 2012, when net assets totaled \$131.7 million. It was noted that the JPFA’s audited 2019 financial report reflects net assets at \$21.2 million. Further, it is also clear that loan volumes do vary and that the cost of operations do not fluctuate accordingly.

The JPOIG recognizes that the Parish Council may need to intervene through the JPFA Board to effect substantial positive changes in the strategic direction of the JPFA. However, the JPOIG is not aware of any action or movement in this area.

JPOIG #2014-0027, Follow-Up Audit: Rickey Jackson: Courage House

-  The JPOIG made additional observations regarding payments for late fees and additional questioned purchases.
-  The Parish has not addressed findings related to the ownership and disposition of items purchased with Parish funds.

This report is the follow-up to an audit of the Ricky Jackson Courage House report issued on 04/18/2016. The audit resulted in 12 findings and 3 observations related to the absence of comprehensive written procedures regarding oversight and monitoring, ineffective management of the process by the JPDCD, and failure to manage the grant in accordance with several areas. Questioned funds totaled \$158,238.73 and avoidable costs determined were \$7,194.15.

The follow-up found that 6 of the 12 recommendations were resolved, 4 recommendations were resolved-in-part, and two 2) recommendations were unresolved.

Recommendation #4 is un-resolved as the Parish failed to implement policy and procedure to insure parish-funded asset purchases were subject to inventory tracking. Further, recommendation #5 is un-resolved as the Parish failed to implement policy and procedure that addresses ownership and disposition of assets funded by the Parish.



Follow-Up Summary				
Finding	Topic	Resolved	Un-Resolved	Resolved In-Part
#1	Payment Requests Not Rev. by Parish	✓		
#2	Purchase Order Discrepancies	✓		
#3	Insurance Policy Date Discrepancies			✓
#4	Sub-recipient Physical Inventory/Insp.		✗	
#5	Disposition of Fixed Assets		✗	
#6	Narrative Operational Reports			✓
#7	Inadequate Supporting Documentation	✓		
#8	Undocumented Cash Payments			✓
#9	Lack of Competitive Bidding Process	✓		
#10	Overpayment to Sub-recipient			✓
#11	Payment Mark-ups	✓		
#12	Commingling Parish Funds	✓		

The JPOIG also tested 135 documents related to 13 RJCHC reimbursements totaling \$57,522. Thirty-two (32) documents, or 24%, were noted to have exceptions. While there was an improved administrative process in place, these exceptions were identified and noted as observations.

The observations were as follows:

- (1) Carryover Balances/Late Fees: Payments are on a reimbursement basis only. The JPOIG observed that some of the utility invoices contained carryover balances from the previous billing period. In addition, the amount paid by the RJCHC was not the full amount due for that bill, resulting in more carryover balances with late fees for future billing periods.
- (2) Questionable Purchases: Although the Parish reviews invoices and proof of payments submitted by the RJCHC to ensure that the requested reimbursements are allowable, the JPOIG recognized a lack of supporting documentation for fuel and food expenses.

JPOIG #2014-0029, Follow-Up Investigation: Parish Funding of Constables and Justices of the Peace

-  The Administration, via the Parish Attorney’s Office, implemented Inter-governmental Agreements (IGAs) with the Justice Courts occupying Parish space. The Parish Attorney’s Office retained executed IGAs between the Parish and the 1st, 2nd, 5th, and 7th Justice Courts.
-  The Parish’s expenditures continue to far exceed the mandated amounts of compensation required.

This report is the follow-up to a review of the Parish’s Funding of the Constables and Justices of the Peace (CJOP) issued on 03/11/2015. The report determined that Jefferson Parish’s cost to support the Constables and Justices of the Peace exceeded the state mandated costs in 2012 by \$501,544.72 in salary, benefits, and the value of office space.

The investigation resulted in five (5) findings and recommendations addressing Parish monetary support for the Constables and Justices of the Peace, rent free office space, the failure of the Parish to have CEA’s or IGA’s in place where applicable, and concerns related to the Parish payment of employer contributions for certain benefits and reimbursements.

The review demonstrates that most recommendations are not resolved. One recommendation is resolved, two recommendations are resolved in part, and two others remain unresolved. Resolution of the issues remain with the Administration and the Council.

Follow-Up Summary				
Finding	Topic	Resolved	Un-Resolved	Resolved In-Part
#1	Cost to Support CJOPs exceed mandates			✓
#2	Rent free office space to 3 JOP offices			✓
#3	Lack of CEA/ IGA’s where applicable	✓		
#4	Parish pays CJOP retirement and benefits employer contributions		✗	
#5	Parish not reimbursed by CJOPs for employer benefits paid		✗	

The Administration’s commitment was to study several areas of expenditures to include those expenditures made in East Baton Rouge Parish, a parish of comparable size to Jefferson Parish.

The JPOIG was not presented with any evidence to support that the Administration studied the funding of personnel benefits and non-personnel benefits to Jefferson Parish Justices of the Peace and Constables. Expenditures exceeded the mandated amount by \$501,544.72 at the time of the original report.

In late 2019, during this follow-up effort, the Yenni Administration and Council opted not to reduce costs, but to establish a foundation for the Parish to set the annual salaries of the Jefferson Parish Justices of the Peace and Constables at the existing rate.

Thus, the Parish did not opt to reduce funding, rather the Yenni Administration collaborated with the Parish Council to establish, via Resolution #134688, a foundation for the Parish to set the Justice of the Peace and Constable salaries at the existing amount of \$20,400 per year.

- 👉 The Parish received and efficiently distributed an allotment of 200,000 packages of donated cloth masks.
- 👉 The Parish Administration properly engaged in the use of emergency procurement authority to procure 100,000 additional packages of cloth masks at a time when availability was low and the demand for personal protective equipment was substantial.

This rather unique year provided the JPOIG an opportunity to engage in an assessment of the processes employed and actions taken by the Parish President and Parish departments under state and local declared emergencies related to procurements in response to COVID-19, also known as the Coronavirus (“COVID”).

The specific actions and acquisitions reviewed were limited to the distribution of cloth masks donated and purchased from Hanesbrand, Inc. (“Hanes masks”).

Donation of Hanesbrand, Inc. Cloth Masks

The Governor’s Office of Homeland Security and Emergency Preparedness (“GOHSEP”) made available to Jefferson Parish, through its Parish President, 200,000 cloth masks donated by Hanesbrand, Inc. According to GOHSEP, these masks were intended for distribution throughout the Parish, without any particular preference or priority. Between 04/21/2020 and 06/19/2020, the EOC distributed a total of 189,669 masks to primary recipients. See Table below.

Hanes Masks Donated 04/21/2020 - 06/29/2020	
Recipients	Total Received
Non-Government	32785
Parish - Other	30584
Parish Government	119890
State	6410
Total	189669

Of the 119,890 masks distributed to Parish government, the majority were received by the Office of the Parish President and Parish Councilmembers for distribution to the public through various methods and means.



Emergency Procurement of Hanesbrand, Inc. Cloth Masks

In early June 2020, records reflect that the EOC had approximately 10,000 Hanes masks remaining from the donation. On 06/04/2020, the Director of General Services, Anthony Francis, executed an “Emergency Purchase Certification (Director Declared)” for the purchase of 100,000 cloth masks from Hanesbrand, Inc. at cost of \$95,000. In it, he declared that a true emergency exists because of

“the eminent threat of the spread of the Corona Virus, Jefferson Parish has developed procedures necessary to prevent any type of contamination with parish property and facilities to protect employees and visitors.” The masks were ordered, and they were received at the EOC on or about 06/29/2020.

The JPOIG conducted an exhaustive review of the emergency procurement process, including the Parish Presidents Proclamation No. 5 which provided for the suspension of Division 2 of Article VII of Chapter 2 of the Code of Ordinances of Jefferson Parish, Louisiana are hereby suspended with respect to the procurement of any goods or services necessary to respond to this emergency. Ultimately, the JPOIG determined that the process was completed in compliance with procedures. The Parish Council subsequently authorized payment, effectively permitting the Parish to seek reimbursement for expenses through the CARES Act.

JPOIG #2015-0002, Follow-Up Audit: Marrero Ragusa VFC

-  The MRVFC has corrected many of the observations noted during the primary audit and continues to work on the remaining issues.
-  A referral was made to the Department of Labor Wage and Hour Division based upon observations of overtime calculations observed during the follow-up.

This report is the follow-up to an audit of the Marrero Ragusa VFC (MRVFC) report issued on 11/30/2016. The audit resulted in nine (9) findings and one (1) observation related to unallowable expenditures, inadequate inventory practices, and the lack of internal controls over payroll, fuel purchases, and bank reconciliations. Questioned funds totaled \$746,022.



The follow-up found that of the nine (9) recommendations seven (7) were resolved, one (1) was resolved in-part and one (1) remained unresolved.

Considering the seven (7) recommendations that were resolved the JPOIG tested operating expenditures to validate the nature and purpose of the transaction. None of the transactions tested indicated that MRVFC spent public funds for unallowable purposes. In addition, it was noted that the MRVFC had implemented a credit card use policy and closed the petty cash fund.

Recommendation six (6), which was resolved in-part called for the maintenance of a complete equipment inventory. The JPOIG reviewed documentation and validated the physical existence of certain items of property. The auditor noted that two pumper trucks were titled in the company's name, which is not in accordance with the current contract with the Parish. The MRVFC is currently working with Parish officials to transfer the title over to the district's name, and plans to complete a full physical inventory.

Follow-Up Summary				
Finding	Topic	Resolved	Un-Resolved	Resolved In-Part
#1	Unallowed Food Expenditures	✓		
#2	Unallowed Employee Insur. Benefits	✓		
#3	Unallowed Gift Certificates	✓		
#4	Unallowed Flower Purchases	✓		
#5	Unallowed Late Fees	✓		
#6	Failure to Maintain Equip Inventory			✓
#7	Lack of accountability for Fuel Exp.		✗	
#8	Unsupported Credit Card Charges	✓		
#9	Petty Cash Shortage/Lack of Policy	✓		

Recommendation seven (7) addressed accountability measures for fuel purchases and was unresolved. The JPOIG reviewed 29 fuel invoices paid in fiscal year 2020 by MRVFC and eight (8) instances where the fuel ticket was not present, 10 instances where accurate vehicle mileage was not recorded by the fuel purchaser, and two (2) instances where purchases could not be traced to an MRVFC vehicle. The MRVFC is working with their new fuel vendor to create a process for timely fuel purchase exception flags. They are also strengthening their fuel policy to include a resolution process for employee disciplinary action when the fuel policy is not followed. Additionally, the JPOIG referred a potential wage issue to the Department of Labor Wage and Hour Division based upon observations of overtime calculations noted during the follow-up.

-  The OFS continues to build its internal processes to more effectively oversee the \$26M VFCs millage funding.
-  The OFS continues to work with the VFC community on the development of policy and procedure to assure more consistency in the methods and reporting of VFC finances.

An Audit was performed on the operations and functions of the Office of Fire Services (OFS). The OFS underwent a near complete structural and functional repurposing in 2016. The audit’s objectives were to assess the current duties performed by the OFS; evaluate the effectiveness of the OFS in its oversight of the 13 volunteer fire departments that receive \$26M in annual millage revenue; and to analyze the OFS’ budget.

The OFS has duties that generally span three separate areas: VFC Oversight, Fire Training Center, and Hazmat Operations. The results of the audit identified a lack of compliance with the OFS ordinance, lack of adequate contract administration, inadequate development of VFC policies and procedures, deficiencies noted in VFC external audit reports and a misalignment of the existing OFS budget with the current ordinance. The JPOIG issued (5) findings:



Finding and Recommendation Summary			
Finding	Topic	Administration Response	Council Response
#1	Lack of Compliance with OFS Ordinance	No Position	
#2	Lack of Adequate Contract Administration	Agree	
#3	Inadequate Development of VFC Policies and Procedures	No Position	
#4	Deficiencies Noted in VFC External Audit Reports	No Position	
#5	Ordinance and Budget Misalignment	No Position	No Response

Findings one (1) through four (4) generally address failures of the OFS to provide adequate VFC contract oversight and to ensure that they collaborate effectively, especially in the area of VFC policy development. Finding five (5) addresses funding source and budget misalignment. The OFS budget consist of various fund sources, some of which are restricted funds, and requires a purposeful assessment of how the OFS functions administratively, as well as, the operational reality of the OFS Hazmat function and Fire Training Center usage.

Notwithstanding the “No Position” status on four (4) of the five (5) findings, the Parish Administration did provide a detailed response identifying the efforts and actions that were underway to address the findings. Additionally, the JPOIG has been in continuing communication regarding several of the issues noted and is aware of significant changes that have been made regarding budgeting and processes related to recommendation number five (5).

The institution of the OFS was a natural step in the multi-year realignment of the Parish oversight processes for VFCs. The VFCs perform a vital public service and the OFS provides a necessary bridge between the various fire districts and the overall suite of fire services available to the Parish. The Audit section looks forward to completing the follow-up audit and validating the work done by Parish and specifically the OFS.

JPOIG #2017-0017, Investigation: Parks and Rec: Lafreniere Concert Events

-  The intersection between legislative and executive functions, as well as, their interaction with the activity of non-profits merits due care to avoid the blending of duties and control.
-  The expenditure of public funds should, and must, remain under the purview of the Department of Finance who should have all the tools necessary to ensure accountability and validation of expenditures in accordance with prudent governance.

This investigation was initiated based upon external information. The objective was to assess expenditures of public funds and funding for certain events at Lafreniere Park for fraud, waste, and abuse.

The JPOIG made numerous recommendations directed at improving controls over public funds directed to concert events and managing revenue generated at events. The JPOIG also made recommendations on improving contract management and correcting noncompliance with the CEA.

Lafreniere Park is a 155-acre park which has numerous amenities and serves as an event venue throughout the year. These include concert events. The Park receives \$1.2 million dollars from the Parish which is generated from taxes appearing on Parish residents' water bills. The Patrons of Lafreniere, Inc. is a non-profit entity with whom the Parish has a Cooperative Endeavor Agreement.



Under the CEA, the Patrons agreed to engage in fundraising for improvements to the park, subject to approval by the Parish. The CEA contains numerous terms setting parameters for fundraising activities by the Patrons. The CEA between the Parish and the Patrons was amended numerous times between 2013 and 2017 to provide funding to the Patrons for concert events. The Parish funded the Patrons at least \$510,776.25 for events at Lafreniere.

- The Parish funded events at Lafreniere through the Patrons opposite to the terms of the Cooperative Endeavor Agreement (CEA).
- The Parish did not receive the full benefit of revenue generated from fundraising activities at Lafreniere Park due to mismanagement and lack of controls over funds.
- Private entities profited from events at Lafreniere Park without Parish Council approval.
- The manner of engagement between the Parish and the Patrons resulted in improper contract management and approvals.
- The Patrons failed to comply with numerous terms of CEA.

The JPOIG received responses from Councilman Dominick Impastato, Parish President Cynthia Lee-Sheng, the Patrons of Lafreniere, and Jack P. Rizzuto (former Councilman). The responses varied widely from the various recipients and collectively offer valuable insight for the interested reader.

Parish government functions most efficiently and effectively, reducing the risk of waste or abuse, when boundaries between the functions of the Council and those of the Administration, to include departments within the Administration, are respected. The expenditure of public funds should, and must, remain under the purview of the Department of Finance who should have all the tools necessary to ensure accountability and validation of expenditures in accordance with prudent governance.

JPOIG #2016-0013, Follow-Up Audit: Herbert Wallace Memorial VFC

-  Both findings from the prior audit report on the HWMVFC were unresolved.
-  A referral was made to the Department of Labor Wage and Hour Division based upon observations related to payroll.

This report is the follow-up to an audit of the Herbert Wallace Memorial Volunteer Fire Company (HWMVFC) report issued on 02/15/2017. The audit resulted in 2 findings and recommendations that were related to a lack of internal controls over payroll and compliance. Unpaid overtime for the audit period totaled \$67,980.47. The follow-up found that both recommendations remain unresolved.

The JPOIG’s follow-up consisted of a review of applicable resolutions and contracts between the Parish and HWMVFC; interviews with HWMVFC’s management; and research, testing and analysis of payroll records.

Table #1 summarizes the transactions tested.

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

The JPOIG recalculated 52 payroll transactions, and verified the calculations. Numerous exceptions were noted. The JPOIG suggested that the HWMVFC participate in the Department of Labor’s Payroll Audit Independent Determination program. This program facilitates resolution of potential violations under the Fair Labor Standards Act with the objective to resolve claims quickly and without litigation. In addition, the program helps improve employers’ compliance with wage obligations.

Table #2 demonstrates that both findings were unresolved.

Table 2					
Follow-Up Summary					
Finding	Topic	Items Reviewed	Resolved	Un-Resolved	Resolved In-Part
#1	Compliance with Fair Labor Standards Act.	52		✗	
#2	Preventive controls over time cards	52		✗	

In this instance the JPOIG did engage in a full audit of the HWMVFC, this report will be issued in the coming year, 2021. Additionally, the JPOIG referred a potential wage issue to the Department of Labor Wage and Hour Division based upon observations related to payroll.

 The Harvey VFC resolved all three of the findings in the initial review.

This report is the follow-up to a review of the Harvey Volunteer Fire Company No. 2's (HVFC) receipts and disbursements of public funds issued on 11/03/2014. The review resulted in three (3) findings related to lack of authorized supervisory signatures on documents and a lack of segregation of duties in the accounting process.

The JPOIG's follow-up consisted of a review of applicable resolutions and contracts between the Parish and HVFC; interviews with HVFC management; a review of the HVFC's policies and procedures; and research, analysis and testing of financial, payroll, and fuel records.

The follow-up review demonstrates that the HVFC has resolved all three (3) recommendations.

Table 2 Follow-Up Summary				
Finding	Topic	Resolved	Un-Resolved	Resolved, in part
#1	Lack of Supervisory Signature – Fuel Reports	✓		
#2	Lack of Segregation of Duties	✓		
#3	Lack of Supervisory Signature – Time Cards	✓		

All three (3) recommendations involved the supervisory approval processes and segregation of duties. Testing revealed these issues had been adequately resolved.

Although the auditor did note some exceptions regarding fuel transactions, the HVFC implemented policy and procedure to address these exceptions prior to the issuance of the follow up report.

JPOIG 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	\$ 236,464.57	\$ -	\$ 12,267,741.82	\$ 12,267,497.40	100%	\$ 244.42
Council District 2	\$ 5,000,000.00	\$ 173,502.58	\$ 12,478.00	\$ 5,185,980.58	\$ 5,064,006.95	98%	\$ 121,973.63
Council District 3							
Subproject 000	\$ 5,000,000.00	\$ 404,638.87	\$ 2,158,697.80	\$ 7,563,336.67	\$ 5,462,436.00	72%	\$ 2,100,900.67
Subproject 001 Restoration	\$ 3,000,000.00	\$ -	\$ -	\$ 3,000,000.00	\$ 3,000,000.00	100%	\$ -
Council District 4	\$ 5,000,000.00	\$ 49,968.64	\$ 646,303.00	\$ 5,696,271.64	\$ 5,673,916.00	100%	\$ 22,355.64
Council District 5	\$ 5,000,000.00	\$ 437,822.34	\$ 14,968.00	\$ 5,452,790.34	\$ 1,838,790.00	34%	\$ 3,614,000.34
Council Districts Total	\$ 35,031,277.25	\$ 1,302,397.00	\$ 2,832,446.80	\$ 39,166,121.05	\$ 33,306,646.35	85%	\$ 5,859,474.70
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 current status of accounts as of 12/31/2020. Interestingly, the Parish Council's total expenditure of BP funding decreased from 87% in 2019 to 85% in 2020. This anomaly was the result of Council District #3 unencumbering funds of more than 2 million dollars that had been designated for several projects, the most significant of which was a Farmers Market project.

Expenditures vary widely across the 5 recipient Council Districts. Council Districts #1 and #4 have expended 100% of their funds while Council District 5 maintains 66% (3.6 Million) from the original allocation. Collectively, Parish Council Districts have earned \$1,302,397.00 in interest.

In addition to the funds allocated to the Parish Council an additional \$6.3 Million was provided to the Administration for various projects. The Administration's balance remains at \$3,297,583.05, with 48% remaining.

JPOIG #2013-0023 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 memorandums 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 for 45 years in a deal worth as much as \$563 million dollars, consisting of \$200 million upfront lease payment, an additional \$18 million in escrow funds, and \$340 million in guaranteed capital improvements to the hospital to be completed by LCMC over the first 15 years of the lease.

LCMC purchased EJGH in October of 2020 for \$90 million. The Parish combined the proceeds with existing hospital reserves to pay off the hospital's debts and fund its pension obligations. The debts included about \$135 million in bonds and \$50 million in pension obligations. LCMC is also committed to spend \$100 million over the next five years to improve the hospital's properties.

(As of 12/31/2020)

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