

Jefferson Parish

2021 Annual Report

Office of Inspector General



David N. McClintock
Inspector General



OFFICE OF INSPECTOR GENERAL JEFFERSON PARISH

DAVID N. MCCLINTOCK
INSPECTOR GENERAL



March 16, 2022

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) 2021 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 2021, the JPOIG processed 67 complaints and achieved the following:

- Questioned **\$9,776,547** in expenditures of public funds;
- Issued seven (7) reports and two (2) follow-up reports;
- Continued ongoing monitoring involving more than **\$54 Million**; and
- Published one (1) Opinion Letter.

As this reporting year draws to a close, I will be stepping down from the position of Inspector General. I am very proud of the work performed by this office and the wonderful team that we have. Over the course of my two terms I have had the honor and privilege to serve the citizens of Jefferson Parish. Together with the dedicated staff of the JPOIG the office has progressed from concept to a capable and proven independent oversight office that produces exceptionally well vetted audits, investigations, reviews, position papers, etc. During this time, we have issued 46 audit and investigative reports containing 233 recommendations questioning more than \$54M in expenditures.

In November of 2020, the citizens of Jefferson Parish voted to renew our dedicated revenue for another 10 years. I can think of no greater approval than that of the people. Simply put the JPOIG has been successful by every objective measure recognized in the community of Inspectors General. We have successfully passed national peer review twice and received very positive assessments from the Quality Assurance and Review Committee during all three prior reviews.

I am confident that the JPOIG is well positioned to continue its important mission to preserve public trust. We do this by improving operations, deterring and identifying fraud, waste, abuse, illegal acts, and enhancing accountability across parish government.

The JPOIG will be led moving forward by Inspector General Kim Chatelain, who was my very first hire in 2013 for the newly created office. I ask each of you to support her as she strives to move the office forward. We have developed very positive working relationships with the Parish Administration and the Parish Council over the past several years. It is my hope that we can now turn towards the establishment and implementation of functional and transparent corrective action plans. The public deserves clarity and accountability in its local government.

I am so thankful to the citizens of Jefferson Parish for their unwavering support of the JPOIG and to all those Parish employees and public officials that have embraced our mission in so many ways.

Very Truly Yours,

A handwritten signature in blue ink, appearing to read "David N. McClintock". The signature is fluid and cursive, with a prominent initial "D" and a long, sweeping tail.

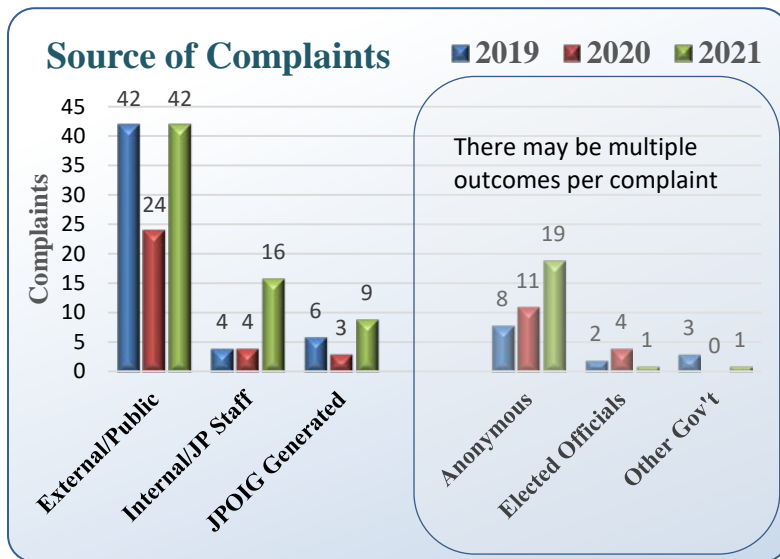
David N. McClintock

QUICK FACTS



WHO TALKS TO THE JPOIG

Community engagement is the backbone of what generates complaints, and the JPOIG monitors certain metrics to allow us to increase community engagement results. The graph below depicts complaints over a three-year period by source.

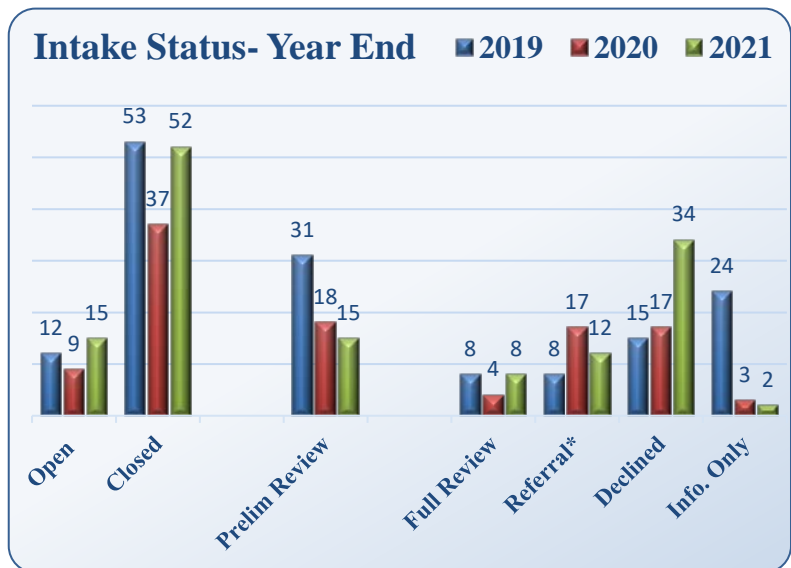


The JPOIG logged 67 new complaints from various sources in 2021.

- 42 External complaints – initiated by those who are not part of JP Parish government.
- 16 Internal complaints initiated by JP staff
- 9 Self-Generated complaints initiated by JPOIG staff.
- Complainants remaining anonymous continue to be a significant source.

The first step in the process is an Intake report. An Intake may result in a:

- Preliminary Review - a limited review to support a more informed assessment.
- Referral to another entity such as law enforcement, regulatory body, or Parish leadership.
- Information Only - Cataloging of data where material is useful to other matters.
- Full Audit - Assignment for a full audit, investigation or review.



Intakes drive our work product for the year. In 2021 the JPOIG processed 67 Intakes, closing 52. Of the 52 closures 34 were declined, 8 were moved to a case, 2 were “information only”, 8 resulted in 12 referrals, and 15 remain in a preliminary review status.

ABOUT THIS REPORT OVERVIEW

The Jefferson Parish Office of Inspector General's (JPOIG) Annual Report highlights the investigations, audits, follow-up 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 2021. Cases are included where draft reports are issued, or follow-up work is completed, within the reported calendar year. 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).

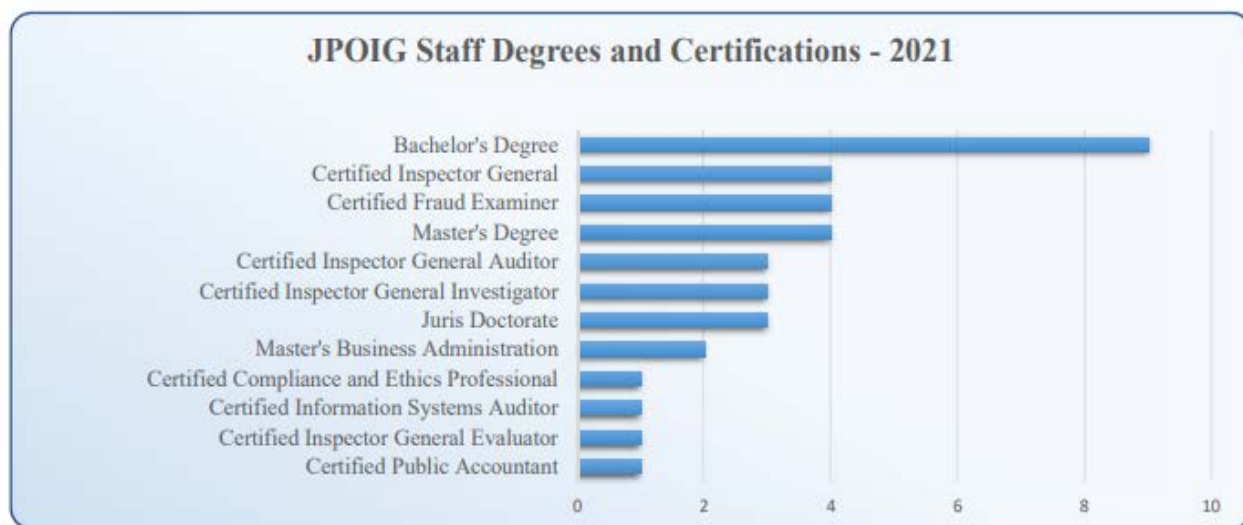
OFFICE ORGANIZATION AND STRUCTURE

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 Deputy Inspector Generals oversee the development of their respective section and ensure operations comply with applicable policy and procedure. The JPOIG organizational chart is shown below.

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 of these shared services, 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.



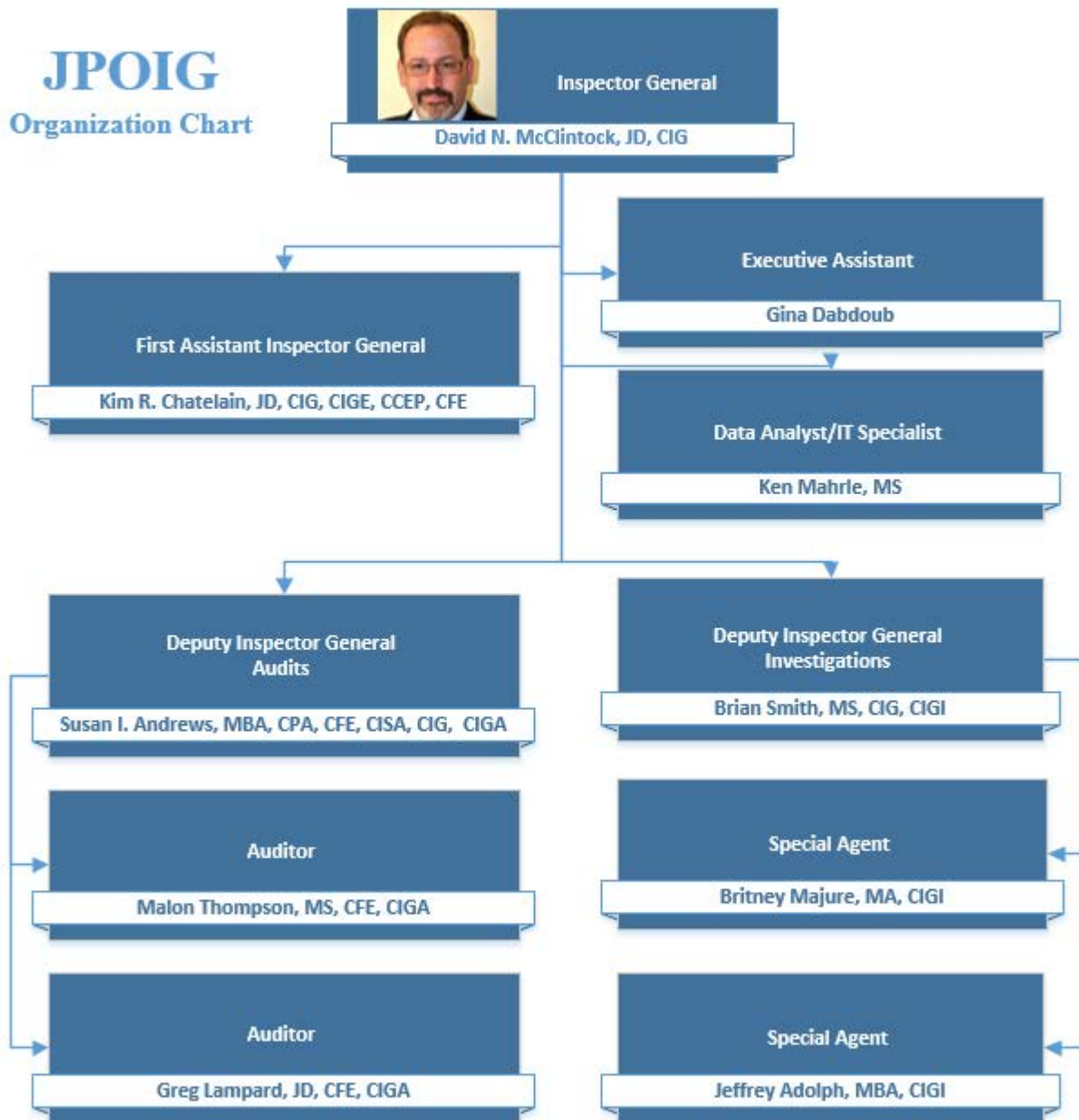
The JPOIG staff collectively are required to maintain certifications through continuing education.

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 2021 and received a positive review.



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*.

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 a team of qualified experts from the Association of Inspectors General (AIG). Peer review measures compliance with national standards and is generally scheduled on a 3-year cycle.³

- Our most recent review was conducted in October of 2021, and covered the period from 2017 through 2020. The review covered 4 years as opposed to the desired 3 years to adjust for COVID-19 limitations.
- The peer review team found without limitations or qualifications that the JPOIG was in compliance with all applicable standards. The opinion letter may be found online at: [2021 Peer Review Opinion Letter](#)
- The next peer review period will ideally cover 2021-2023 and occur in 2024.

3. Quality Assurance Review Committee (QARC)

The QARC Committee members are:

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

The QARC reviews and assesses the JPOIG's published work product for the year and issues a written report. The most recent QARC report and JPOIG response may be found in totality on www.JPOIG.net via the following link: [2020 Quality Assurance Review and Response](#)

In this most recent review the QARC wrote that:

“The Committee is happy to report that in spite of unprecedented challenges presented by the Covid19 pandemic—including over a full year of severely limited contact among individuals and departments within all branches of government (save through varying types of emerging electronic communication platforms); resultant unprecedented and unforeseen delays in many Parish and other services; associated personnel shortages due to the above; and a myriad other disconnects and malfunctions between individuals and offices with otherwise interdependent responsibilities (whether avoidable or not)—the IG and his staff of professionals worked diligently with undiminished focus and energy...”

³ JPCO 2-155.10(16)(b).

2020 QARC Recommendations

Committee Recommendation #1

The QARC recommends that the Parish Council and Administration work together in consultation with the IG to meet the requirements of the Parish Charter. To successfully accomplish this, the Inspector General asserts that the office needs resources to: a. Increase OIG FTE's to support a meaningfully-staffed Inspections and Performance Review function; b. Increase OIG FTE's to support at least one each: additional investigator, auditor, analyst; and c. Increase salaries and benefits for all existing OIG employees, in order to enhance retention and localized parity.

Committee Recommendation #2

Considering the foregoing, the Committee reiterates and urges its recommendation that legislation be enacted requiring responses from relevant Parish departments or units to any findings and/or recommendations contained in IG reports.

Committee Recommendation #3

For tracking clarity and to aid understanding, while the OIG Cases currently carry an inception/opening year number, followed by a numeric number—we suggest adding to that whenever a matter is closed, the year of its conclusion be added, with a slash, hyphen or other indicator, for example: 2018-0029/21 indicating an investigation opened in 2018, and closed in 2021.

Responses to the QARC Recommendations

Committee Recommendation #1

The QARC's assessment of funding levels as they relate to compliance with Parish Charter mandates, capacity to timely produce quality audits and investigations, and to maintain quality professional staff is spot on. This is an area in which the JPOIG has regularly reported on over many years and understands the solutions will require collaboration with Parish leadership. I am in agreement with the resulting "Committee Recommendation #1" directed to the Parish Council and Administration.

Committee Recommendation #2

The QARC calls for Parish leadership to require written responses to JPOIG findings/recommendations through legislation. A similar provision appears in the Jefferson Parish Code of Ordinances 2-165(b) for Internal Audit; however, none exists relevant to the JPOIG.

Committee Recommendation #3

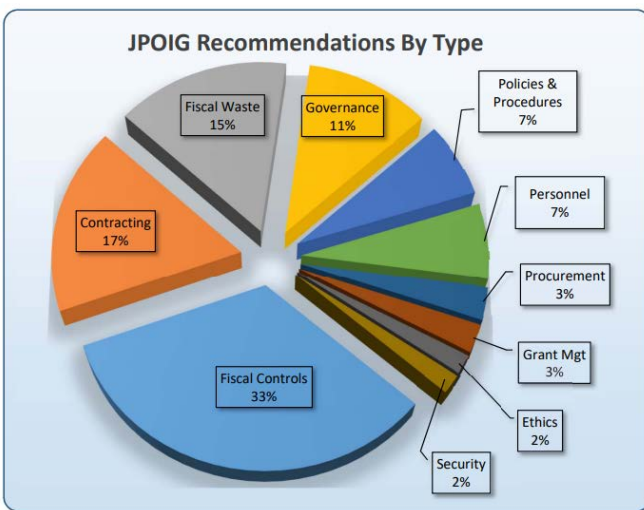
The QARC suggested adding the numerical closing year to the existing case number. Thus, a case originally numbered 2015-0029, could be referred to upon closure as 2015-0029/21 if the case was closed in 2021. We understand the added clarity and will implement the changes in public reporting moving forward.

We appreciated the QARC's concerns regarding clarity on the timing of issued reports. After reflection it was determined that ensuring the issue date is clearly identified reports cover page in conjunction with the reports case number will accomplish the intended outcome. Should there remain any concerns the incoming Inspector General will most assuredly continue to work with the QARC to resolve any concerns.

RECOMMENDATION TRACKER

The JPOIG developed the recommendation tracker several years ago as a direct result of a QARC suggestion.

The Recommendation Tracker captures data based upon the issuance of 46 reports questioning more than \$54M to date. The reports contain 233 recommendations provided to Parish leadership. The Parish Council structure presents unique issues for engagement. There are seven (7) elected Council positions. However, no one is specifically delegated the responsibility or authority to respond to any JPOIG recommendations. In cases where members of the Parish Council do respond to recommendations, it is common to receive responses from an individual Council member speaking for one council district. However, recently the JPOIG did receive a collective response from multiple Council District offices.



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 33% overall. The top 4 categories of recommendations collectively represent 76%. These are Fiscal Controls, Contracting, Fiscal Waste, and Governance.

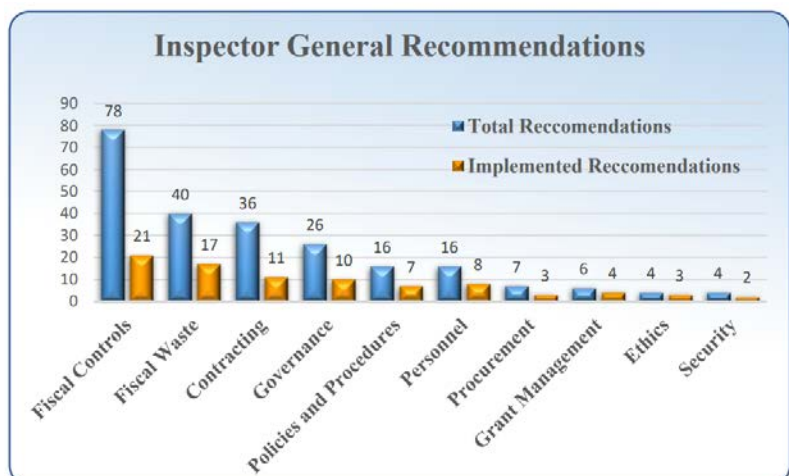
The [JPOIG Recommendation Tracker](#) reflects that of the 233 recommendations issued to date, 46% were accepted, 7% were accepted in-part. 14% were rejected, and there was no position was taken on the remaining 33%.

Ultimately, our objective is to support the implementation of corrective actions, more specifically Corrective Action Plans, wherever possible.

Corrective action was implemented at some level in 86 of the 233 recommendations. This means that 37% of all recommendations resulted in some type of corrective action by the Parish.

Opportunities for corrective actions, even on previously issued recommendations, still exist. The adjacent chart indicates that “Fiscal

Controls” is the largest area of concern because it is the area where corrective action is least implemented, with an implementation ratio of only 27%. The only area with a lower rate of corrective action is “Contracting,” with an implementation ratio of 30%.



BUDGET/FUNDING LEVEL 2021

Overview

- ☞ Total revenue of \$1,417,549 and total expenses of \$1,390,538.
- ☞ Completed 2021 with a \$1,292,404 fund balance.

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.⁴ During FY2021, the JPOIG's notable areas of expenditure were \$1,120,025 in employee salary and benefits and \$98,688 in annual office space rental (remained unchanged). In December of 2020 the Parish changed the budgetary valuation from amortized cost to fair market value resulting in a debit to the 2020 fund balance of \$27,454.79.

| JPOIG –ECC Combined Financial | | | | | |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| | Actual | Actual | Actual | Actual | Actual |
| Beginning Fund Balance | 1,213,966 | 1,222,704 | 1,266,313 | 1,223,283 | 1,265,393 |
| Millage Related Revenues | | | | | |
| Ad Valorem (Millage) | 1,255,033 | 1,277,097 | 1,294,951 | 1,328,203 | 1,356,833 |
| Ad Valorem - Back Taxes | 1,159 | 1,946 | 3,845 | 2,065 | 3,708 |
| Payment in Lieu of Taxes | 5,115 | 5,240 | 5,240 | 4,927 | 6,418 |
| Subtotal | 1,261,307 | 1,284,283 | 1,304,036 | 1,335,195 | 1,366,959 |
| Other Funding | | | | | |
| Interest on Account Funds | 22,267 | 29,885 | 35,848 | 58,390 | 22,054 |
| Other Financing Sources | 7,279 | | | 12,035 | 28,536 |
| Subtotal | 29,546 | 29,885 | 35,848 | 70,425 | 50,590 |
| Total Revenues | 1,290,853 | 1,314,168 | 1,339,884 | 1,405,620 | 1,417,549 |
| Expenditures | | | | | |
| Total Expenditures | 1,282,115 | 1,270,559 | 1,382,914 | 1,336,055 | 1,390,538 |
| Budget Adjustment for Pooled Interest | | | | \$27,455 | |
| Ending Fund Balance | 1,222,704 | 1,266,313 | 1,223,283 | 1,265,393 | 1,292,404 |

⁴ Jefferson Parish Charter §4.09 (D)(1).

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 \$1.36M in 2021. 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

The adequacy of funding is only determined against the back drop of the funding's purpose. The Parish Charter calls for the performance of three separate functions: investigation, audit, and inspections and performance review.⁵ Since inception of the office, the JPOIG has consistently reported that the revenue generated by the dedicated millage funding is insufficient to properly create and staff an inspections and performance review function. Additionally, there has been considerable efforts to secure additional funding over the years. Lastly, as addressed above, the Quality Assurance Review Committee has recognized the significance of this issue and recommended that the Parish Council and Administration work together in consultation with the JPOIG to meet the requirements set forth in the Parish Charter.

There are several viable concepts that have been considered and discussed with Parish leadership over the last 9 years on numerous occasions, each outlined below:

Supplementing with General Funds

The most viable mechanism for additional inspections and performance review funding is likely a supplemental allocation from Parish general funds. General funds are part of the Parish's revenues that are not dedicated to a specific function and may be expended for any lawful governmental purpose. There have been discussions with each administration, including quite significant discussion with the Yenni Administration; however, no additional funding has resulted.

Supplementing with other Dedicated Revenue

Millages, or taxes, generate revenue which is dedicated to specific functions such as drainage, fire suppression, water, sewerage, etc. Many of those functional areas, especially those in the public works sector, are where a JPOIG Inspections and Performance Review section would be engaged. Thus, with the proper planning and tracking, millage funds could supplement the costs of an Inspections and Performance Review function within the JPOIG. The use of dedicated funding to support these functions has also been addressed on numerous occasions, to include the submission of a draft Memorandum of Understanding (MOU) between the JPOIG and the Parish. The MOU's purpose is to establish the JPOIG's independence in the use of funds, as well as, the JPOIG commitment to utilize the funds in a manner directly tied to the dedicated purpose of the funds.

Focused Millage Management

Over the last several years and in conjunction with the 2020 millage renewal, the JPOIG has identified a potential for additional funding through focused millage management. Many millages, including the JPOIG millage, are established at a specific rate for a period of 10 years. That rate is measured in "mills," with 1 mill representing 1/10th of 1% of assessed property value. The JPOIG millage is set at .5 mills. This equates to an average of about \$6.25 per household per year.

⁵ Jefferson Parish Charter §4.09 Inspector General (A).

The Jefferson Parish Assessor is responsible for establishing the property values and thus the amount of tax levied. The Assessor re-assesses the property value every 4 years, thus over a 10-year millage the property value is re-assessed twice. The re-assessment process also requires the Assessor to calculate an adjusted millage rate, keeping tax payer obligations consistent. The results of this calculation are typically small, and when real estate values are rising, they are typically reductions called “roll-backs.” By way of example, the JPOIG millage was approved at .5 mills in 2012; however, due to the re-assessment process, it has been “rolled-back” to .47 mills. The decision to implement the calculation lies with the governing authority, which in this case is the Parish Council, who may decide to “roll-back” or “roll-forward.” A roll-forward keeps the existing millage rate and thus generates slightly more revenue.

Analysis of the recently renewed millage, the re-assessment that will occur in 2024, and a potential roll-forward, indicates that additional revenue of approximately \$100,000 is possible. These funds could serve to support the Inspections and Performance Review section. Managing this process with the support of the Parish Council offers a viable and consistent path forward to funding that can achieve a sustained Inspections and Performance Review function.

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 allows 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 Council and Administration officials. 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 issued to the Ethics and Compliance Commission and all Parish and Non-Parish recipients. Additionally, the final report is provided electronically to the public via www.jpoig.net and media outlets.

ANNUAL WORK PLAN

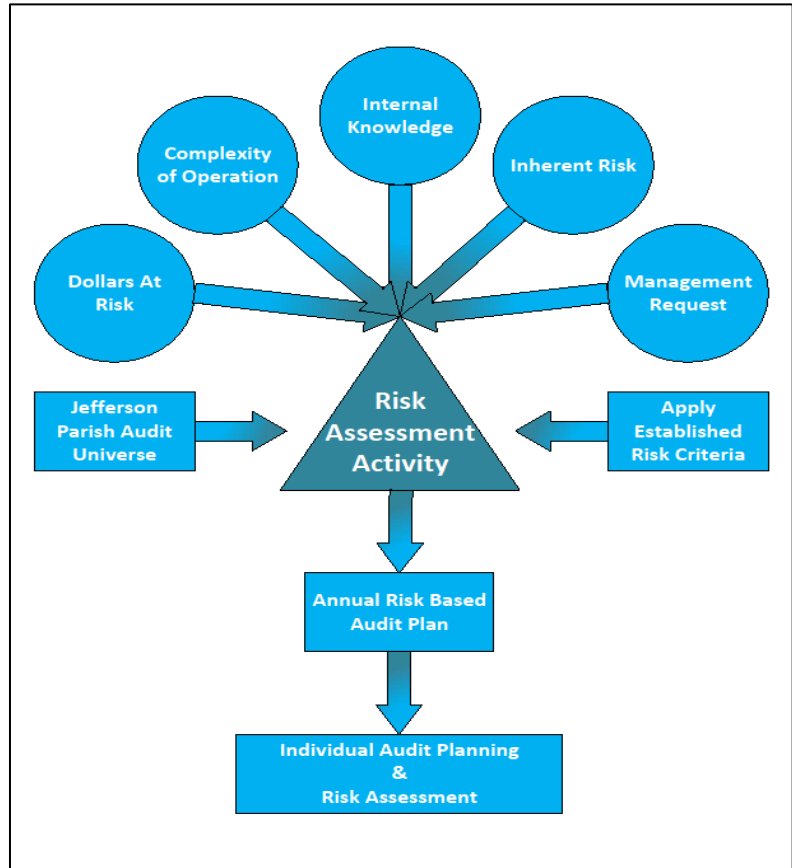
The Jefferson Parish Office of Inspector General (JPOIG) implements an Annual Work Plan in accordance with the mandate set forth in the Jefferson Parish Code of Ordinances §2-155(17). The Annual Work plan includes:

- (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.

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.

2021 Audit Plan

The 2021 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.

| 2021 Audit Title | 2021 Quarter |
|---|--------------|
| Water Department: Billing and Deposits | 1 |
| Fleet Management | 2 |
| Non-Departmental Funds | 3 |
| Parish Hiring Practices | 4 |
| Cost Allocation Plan (Shared Services) | 4 |
| Premium Pay 2014-2017 Follow-Up | 1 |
| Transit Bus Bench Advertising Follow-Up | 2 |
| Security Services Contracting Follow-Up | 3 |
| Terrytown Booster Club 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 implementing 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.

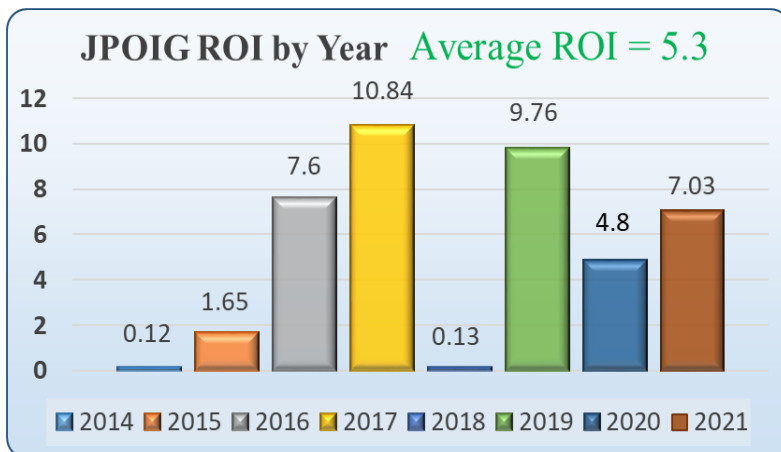
Investigations, Audits, Follow-Up and Monitoring Activities

The JPOIG published the following reports during the reporting period that questioned the expenditure of \$9,776,547. Additionally, the JPOIG monitors the expenditure of \$53.1 million in BP settlement funds. Follow-up audits are intended to provide the public with the status of previously issued recommendations and carry no questioned costs.

| Questioned Costs | | | |
|--------------------------------|---------------|------------------------------------|------------------------|
| Case# | Type | Title | Questioned Cost |
| 2020-0038 | Audit | Herbert Wallace Memorial VFC | \$62,022 |
| 2020-0033 | Investigation | Fire Extinguisher Certification | \$5,012 |
| 2020-0034 | Investigation | Sales Tax Costs | \$698,543 |
| 2021-0006 | Audit | Terrytown VFC | \$11,950 |
| 2019-0004 | Audit | Council District Improvement Funds | \$612,923 |
| 2021-0026 | Audit | Grand Isle VFC | \$2,782,295 |
| 2021-0027 | Audit | Grand Isle Emergency Services | \$5,603,802 |
| 2013-0013 | Follow-Up | Leased Property Audit | N/A |
| 2014-0043 | Follow-Up | Grand Isle VFC | N/A |
| Total Questioned Costs: | | | \$9,776,547 |

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, ethics, and transparency. Improving government does not necessarily equate to fiscal impact.

However, the JPOIG does track certain monetary metrics as they 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 5.3 for the 8 years of JPOIG operational history.






This metric is best used in comparison to others tracked by the JPOIG. 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 accepted by Parish Administration or Council.

Conversely, in 2019, the JPOIG reported \$13.5 million in questioned costs, which increased the ROI to 9.76, with only 24% of the recommendations accepted. In 2021, ROI measured 7.03, with 74% of the recommendations accepted by the auditees. For the past two years, the volume of published work product has averaged 7 public reports per year.

On average, the JPOIG finds and reports 5 times its cost in questioned or avoidable costs. The Parish may elect to affect these savings through its implementation of JPOIG reported issues.

JPOIG # 2020-0033 Investigation: Fire Extinguisher Certification

-  The Parks and Recreation Department did not properly inventory its certified fire extinguishers, yet invoices were approved for payment despite this lack of controls.
-  The Parish paid a vendor in excess of \$5,000 for improper certifications. The Parish recovered the funds.
-  The investigation into UFS resulted in the issuance of three (3) arrest warrants by the Jefferson Parish Sheriff's Office.



The objectives of this report were to: (1) assess whether the Parish was a victim of misrepresentations by a service provider, and to determine the extent of the possible harm; (2) assess whether any Parish employee or official had knowledge of the potential misrepresentations and failed to report; and (3) assess potential safety risks to the public and Parish employees associated with the fire extinguishers located in Parish facilities.

The JPOIG made four (4) recommendations to the Administration. The JPOIG recommended that the Administration seek recovery of the \$5,012.00 paid to its vendor, UFS. The Administration should further consider disqualifying UFS from consideration of award of future contracts. The Administration, through the Purchasing Department, should provide written guidance to ensure that use of a state contract is appropriate and valid for specific procurement. Finally, the JPOIG recommended that the Administration ensure that all Parish departments with facility responsibilities adopt an internal inventory and inspections process for fire extinguishers of the nature utilized by the General Services Department to increase readiness awareness and aid in the validation of invoicing.

The Administration responded to the report on 04/06/2021. The Administration agreed with both findings in the report and stated that the Department of Purchasing had developed and implemented policies and procedures to ensure the proper utilization of State contracts. Responding further, the Administration, by way of the Parish Attorney's Office, issued a demand letter to Ultimate Fire & Safety Protection, LLC demanding the payment of \$5,012.00. The Administration also committed "to conduct a detailed inventory of fire extinguishers in each Parish building and develop inventory and inspection procedures for each Department." Finally, the Parish Administration committed to "coordinate with the State Fire Marshall to determine proper fire extinguisher placement in Parish buildings."

On 05/10/2021, the JPOIG received a copy of a letter dated 05/05/2021 from Ultimate Fire & Safety Protection, LLC's registered agent. The letter confirmed that UFS remitted \$5,012.00 to Jefferson Parish to resolve the Parish's demand on UFS.

JPOIG # 2020-0034 Investigation: Sales Tax Costs

-  \$700,000 in avoidable tax costs.
-  The Parish was paying sales tax unnecessarily by failing to authorize contractors to assert the Parish's tax-exempt status.



The JPOIG's objective for this investigation was to determine whether the Parish can realize additional savings by authorizing private entities to claim Jefferson Parish's tax-exempt status when performing work for parish government.

JPOIG made four (4) recommendations to the Parish Administration. The JPOIG recommended that the Administration perform an assessment across procurement methods, bids and Requests for Proposals ("RFPs"), and develop a policy or policies to address each procurement method in which the Parish may assert its tax-exempt status under state law. The Administration should identify projects where the Parish may assert its tax-exempt status, and advertise the projects as sales tax-exempt, whether by bid or RFP. The Administration should identify and implement controls to periodically sample supporting information for invoices to validate whether the Parish has incurred sales tax costs when the contractor has been authorized to assert the Parish's tax-exempt status.

The JPOIG separately recommended to the Parish Council that it amend JPCO Appendix A to align with state law and clarify the Parish's determination to claim its tax-exempt status on Parish taxes. The JPOIG also recommended that the Parish Council review the "General Conditions and Agreement for the Purchase of Materials, Supplies or Services and Public Works Projects," Resolution No. 13653, and consider amending, if necessary.

The JPOIG observed that the current Parish Administration adopted a new practice of asserting its tax-exempt status on Parish contracts for public works contracted subsequent to advertised bids. The JPOIG recommends that the Administration maintain data on sales tax savings on projects where the Parish has authorized the contractor/vendor to assert the Parish's sales tax-exempt status.

JPOIG #2021-0006 Audit: Terrytown Volunteer Fire Company

-  Lack of compliance with the Parish contract regarding the length of service awards program, and lack of a physical inventory of assets.
-  Lack of standardized written fiscal policies and procedures over the expenditure of public funds.






This audit was initiated as an emergent audit based upon external information brought to the JPOIG.

The objectives of this report were to determine the adequacy of internal controls aimed to ensure that public funds received are spent in accordance with all governing laws and regulations and the fire district millage restrictions, and to assess the fire company's compliance with the current fire services contract with Jefferson Parish.

The JPOIG issued two recommendations and two observations in this report. The first observation noted a lack of approval of invoices, and the second involved a single vehicle that was not titled in the District's name, as per the Parish contract. The first recommendation noted a lack of compliance with the Parish contract in that a physical inventory had not been provided to the Office of Fire Services, and that the fire company had failed to request the Parish's approval prior to disbursing length of service awards to its employees. The JPOIG questioned these costs which totaled **\$11,500**. The second noted the lack of written fiscal policies and procedures to govern the use of restricted millage funds.

The JPOIG received written responses from the Parish and the Terrytown Volunteer Fire Company. The Parish agreed with both of the recommendations and pledged that the Director of OFS will work with Terrytown Volunteer Fire Company to continue to refine their written policies and procedures, and ensure that each VFC satisfies all contractual reporting obligations.

JPOIG #2019-0004 Audit: Council District Improvement Assistance Funds

-  Lack of adequate contract administration
-  Lack of ordinance regarding intergovernmental agreements
-  Unclear ordinance language advances and supporting documentation
-  Unallowable expenditures of CDIA funds
-  Questioned costs due to lack of sufficient supporting documentation

This audit was a planned audit and was generated from the JPOIG 2019 audit plan. The audit objectives were to assess risks and controls over three key areas; governance, financial operations, and detailed expenditure testing.










The results of the audit were a determination by the JPOIG that CDIA funds were not consistently expended in accordance with restrictions based upon the governing ordinance. These costs were disallowed in the report, and totaled **\$221,520**. Additionally, the audit noted 17 transactions that were not supported by sufficient supporting documentation. These costs were questioned in the report and totaled \$391,403. Total questioned and disallowed costs were **\$612,923**. The report also contained one observation, involving instances of contract non-compliance that appeared to be isolated instances.

The JPOIG received a written response from the Parish Council Chairman where the Council accepted all recommendations made, and included corrective action aimed at clarity of the ordinance language, designation of a contract administrator for CDIA funds, and the establishment of increased oversight and documentation requirements.

Two responses were also received from non-Parish recipients of these funds, both of whom offered to provide the supporting documentation to the Parish substantiating the proper expenditure of these funds.

It should be noted that as a part of this audit, the JPOIG reached out directly to Parish vendors and recipients of these funds, to request supporting documentation for all transactions not supported by documentation in the Parish expenditures files. The original number of unsupported transactions was 92% of the sample selected. Through this remedial effort on the part of the JPOIG, the resulting questioned costs were greatly reduced.

JPOIG #2021-0026 Audit: Grand Isle Volunteer Fire Company (GIVFC)

-  Failed to govern and maintain bylaws
-  Cash-in-bank unsecured
-  Abuse of overtime
-  Abuse of annual leave
-  Lack of controls of timesheets, payroll and benefits
-  Failed questioned and disallowed operating expenditures
-  Fuel invoicing exceptions
-  Failure to safeguard fixed assets and equipment
-  Lack of compliance with parish contracts

This audit originated as a follow up audit that was elevated to a full audit by the JPOIG.

After undertaking the audit, and based on information developed, the JPOIG determined it was necessary to notify the Parish in order to permit immediate remedial action as deemed necessary. Thus, the JPOIG conducted a confidential briefing with Parish Officials. All material information relayed during the meeting was captured in the full audit report. Based upon the information provided, the Parish did take preliminary remedial action.




The JPOIG made two (2) observations and reached nine (9) findings of which there are nine (9) related recommendations. The observations call attention to the GIVFC's failure to obtain tax-exempt status and failure to maintain corporate formalities. The nine (9) findings relate to the GIVFC's failure to maintain a qualified Board of Directors, failure to secure public funds paid to the GIVFC, and other fiscal failings. The JPOIG recommended the Parish Council adopt an ordinance establishing a West Bank Fire District, the boundaries of which would include Grand Isle, and to adopt related ordinances to support the employment of fire protection employees. In total, the audit revealed questioned and disallowed costs of **\$2,581,002** and **\$201,293** respectively.

The Administration, through its response, accepted recommendations #2 "Cash in Bank Unsecured" and #9 "Lack of Compliance with Parish Contracts". Prior to this audit's issuance, the Administration began serving as paymaster for the GIVFC. The Administration also stated it is committed to continued discussion with and input from the JPOIG regarding prospective measures that could be taken to improve financial management and policies and procedures overall at the GIVFC.

In a Parish Council response, Council members indicated that the Council has initiated a process to consolidate several West Bank Fire Departments/Districts into one new fire district. This effort will consider the feasibility of the inclusion of Fire District 9, which is where the GIVFC is currently providing fire protection.

The GIVFC Fire Chief responded on behalf of the GIVFC. In the response, the GIVFC rejected the JPOIG recommendations, yet provided an action plan for each of the issues noted. Additionally, in its conclusion, the Fire Chief asked that the Parish Council and Administration allow them to address the deficiencies noted in the report, in order to "restore faith in their department".

JPOIG #2021-0027 Audit: Grand Isle Voluntary Emergency Services (GIVES)

-  Jefferson Parish failed to perform due diligence when contracting with the GIVES.
-  Unsecured Cash in Bank.
-  Failure to Safeguard Fixed Assets and Equipment

This emergent audit was initiated by the JPOIG's during the audit of Grand Isle Volunteer Fire Company #1 (GIVFC).

After undertaking the audit, and based on information developed, the JPOIG determined it was necessary to notify the Parish in order to permit immediate remedial action as deemed necessary. All information provided was captured in the full audit report for the GIVES. The JPOIG discovered that the entity contracting with the Parish and receiving public funds, the GIVES was no longer in existence. Rather, the JPOIG determined that the individuals controlling the GIVFC were also controlling bank accounts still held in the name of the GIVES and transferring public funds from the GIVES accounts into the GIVFC to cover expenditures, such as payroll. The information was provided in a confidential briefing to Parish officials and is based upon the information provided, the Parish took certain preliminary remedial actions.



The JPOIG made three (3) findings to which there are related recommendations. Finding #1 "Jefferson Parish Failed to Perform Due Diligence," relates to the Parish remitting funds to a non-existent entity, GIVES, using an old vendor number. The Parish also ratified a 10-year agreement with the same non-existent entity on 08/13/2013. Finding #2 "Unsecured Cash in Bank" related to tax proceeds paid to the non-existent entity and held in bank accounts. Finding #3 "Failure to Safeguard Fixed Assets and Equipment" related to the failure by the Parish to ensure proper oversight of assets purchased with tax revenue dedicated to emergency services for Grand Isle. In total, the audit questioned **\$5,603,802**, the sum of money paid by the Parish to the non-existent entity.

In the Administration's response, the Administration took no position on Finding #1, but acknowledged that the Administration has implemented a Contract Administration Policy. The Administration accepted Finding #2, and noted that the Administration began serving as paymaster for the GIVES after the confidential briefing. The Administration took no position on Finding #3, but commented on constraints set forth in the CEA with GIVES. The Administration's response did not address the legal reality that the Parish has a contract with a corporate entity, Grand Isle Volunteer Emergency Services, Inc., that ceased to exist as of 08/15/2007 when its charter was revoked by the State of Louisiana.

The Parish Council did not respond.

There were no Non-Parish recipients because the "affected" entity, GIVES, does not exist.

**JPOIG #2014-0043 Follow-Up Audit:
Grand Isle Volunteer Fire Company (GIVFC)**

-  The GIVFC failed to resolve all of the eleven recommendations addressed to the entity's management on the original JPOIG audit report.
-  The Parish Administration resolved recommendation #12, regarding oversight of all VFC companies through the establishment of the Office of Fire Services.



In August of 2020, the Jefferson Parish Office of Inspector General (JPOIG) initiated a **follow-up audit** of the audit issued publicly to the Grand Isle Volunteer Fire Company #1 on 03/23/2016. Follow-up reports monitor the status of previously made recommendations.

During the course of the follow-up review the JPOIG chose to elevate the engagement to a full audit. The results of the full audit are reported under 2021-0026, which was issued publicly on 02/17/2022 and is available at www.JPOIG.net. The data received during the full audit was sufficient to assess and determine the status of the findings from the initial audit as set forth below.

The 2016 audit report of the Grand Isle Volunteer Fire Company resulted in twelve (12) findings as depicted in the table below. The review determined that finding #12 had been resolved by the Parish Administration, the remainder of the findings were directed to the GIVFC and remain unresolved.

| Follow-Up Summary | | | | |
|--------------------------|---|-----------------|-------------------|-------------------------|
| Finding | Topic | Resolved | Unresolved | Resolved in-part |
| #1 | Paying Expenses for a Separate Non-Profit Entity | | ✓ | |
| #2 | Undocumented Fuel and Fuel Purchased for GIVES | | ✓ | |
| #3 | Inadequate Documentation of Grocery Expenses | | ✓ | |
| #4 | Lack of Controls Over Payroll | | ✓ | |
| #5 | Gratuitous Alienation of Public Funds | | ✓ | |
| #6 | Issuance of Checks to Cash | | ✓ | |
| #7 | Payment of Travel Per Diems for Personal Travel | | ✓ | |
| #8 | Purchases Were Made by Individuals Not Employed by GIVFC | | ✓ | |
| #9 | Lack of Policies and Procedures for Hurricane Protocols | | ✓ | |
| #10 | Lack of Adequate Documentation of the Disposals of Vehicles | | ✓ | |
| #11 | Expenditure of Millage Funds for Cell Phones | | ✓ | |
| #12 | Parish Failed to monitor the operations of VFC Companies | ✓ | | |

JPOIG #2013-0013 Follow-Up Audit: JP Leased Property

-  The Parish failed to resolve eight (8) of the ten (10) recommendations made in the original JPOIG audit report.
-  The Parish Administration partially resolved recommendations #2 and #9 inflationary adjustments and the establishment of a comprehensive lease tracking system.

In March of 2021, the Jefferson Parish Office of Inspector General (JPOIG) initiated a **follow-up audit** of the audit issued publicly to the Parish on 11/30/2017. This office’s follow-up efforts monitor the status of recommendations made as a result of previously issued public audit reports.

During the course of the follow-up audit the JPOIG met with the Parish Attorney’s Office who handles the Parish’s leased property management function. The data received during the follow-up fieldwork period indicated little to no movement towards the resolution of the previous recommendations made.

The 2013 audit report of Jefferson Parish Leased Property resulted in ten (10) recommendations as depicted in the table below. The review determined that recommendation #2 and recommendations #9 have been resolved-in-part. All others remain unresolved.

| Follow-Up Summary | | | | | |
|--------------------------|---|----------------|----------|------------|------------------|
| Finding | Topic | Items Reviewed | Resolved | Unresolved | Resolved in-part |
| #1 | Lost Revenue - Zero – Dollar Leases | | | ✓ | |
| #2 | Lack of Inflationary Adjustments | | | | ✓ |
| #3 | Failure to Verify the Current Use of CPZs | | | ✓ | |
| #4 | Occupancy Shortfall, Bucktown Marina | | | ✓ | |
| #5 | Appraisals | | | ✓ | |
| #6 | Inefficient Rent Collection System | | | ✓ | |
| #7 | Lack of a Cost/Benefit Analysis on Zero-Dollar Leases | | | ✓ | |
| #8 | Lack of Policies and Procedures | | | ✓ | |
| #9 | Lease Tracking System | | | | ✓ |
| #10 | Lack of Standardized Lease Contracts | | | ✓ | |

In cases such as this one, as Jefferson Parish’s Inspector General, I can only encourage that the Administration use this report as a catalyst to effect positive change over this neglected function of Parish government. The Parish is not effectively managing its land and building resources in a manner that represents good public stewardship. The JPOIG has made its recommendations, among which is the centralization of this function under a single Parish Department. Although legal resources are required to review and approve lease agreements, the PAO may not best suited to manage the parish’s properties. The management function could include tracking and collection of rents due, maximizing and maintaining lease revenue streams, or escalating activity on lease accounts where rental payments have fallen behind.

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 | \$ | 6,320,849.95 |
| | \$ | 53,052,127.20 |

BP Expenditures

| Balances as of 12/31/2021 | | | | | | | | |
|--|----------------------|----------------------------------|----------------------|------------|---------------------|-------------------|---------------------|------------------|
| Description | Starting Amounts | Total Revenues Incl YTD Interest | Total Expended | % Expended | Current Balance | Encumbered | Est. Rem Balance | Est. % Remaining |
| Council District 1 | \$ 12,031,277 | \$ 12,267,742 | \$ 12,267,497 | 100% | \$ 245 | \$ - | \$ 245 | 0% |
| Council District 2 | \$ 5,000,000 | \$ 5,744,806 | \$ 5,334,548 | 93% | \$ 410,258 | \$ 85,963 | \$ 324,295 | 6% |
| Council District 3 | \$ - | \$ - | \$ - | | \$ - | | \$ - | |
| Subproject 000 | \$ 5,000,000 | \$ 7,548,680 | \$ 5,574,502 | 74% | \$ 1,974,178 | \$ - | \$ 1,974,178 | 26% |
| Subproject 001 Restoration | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 | 100% | \$ - | \$ - | \$ - | 0% |
| Council District 4 | \$ 5,000,000 | \$ 5,729,794 | \$ 5,673,916 | 99% | \$ 55,878 | \$ 11,364 | \$ 44,514 | 1% |
| Council District 5 | \$ 5,000,000 | \$ 5,429,437 | \$ 1,939,255 | 36% | \$ 3,490,182 | \$ 51,967 | \$ 3,438,215 | 63% |
| Council Districts Total | \$ 35,031,277 | \$ 39,720,458 | \$ 33,789,719 | 85% | \$ 5,930,740 | \$ 149,294 | \$ 5,781,446 | 15% |
| Jefferson Parish Administration | \$ 6,320,850 | \$ 6,320,850 | \$ 3,133,566 | 50% | \$ 3,187,284 | | \$ 3,187,284 | 50% |
| Grand Total | \$ 41,352,127 | \$ 46,041,308 | \$ 36,923,284 | 80% | \$ 9,118,024 | \$ 149,294 | \$ 8,968,730 | 19% |

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 63% (3.4 Million) of the total including year to date 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 \$3,187,284 with 50% remaining.

As of 12/31/2021

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