



Jefferson Parish Office of Inspector General



**Nine Mile Point Volunteer Fire Company
Audit Report 2022-0025
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EXECUTIVE SUMMARY

The Jefferson Parish Office of Inspector General (“JPOIG”) conducted an audit of Nine Mile Point Volunteer Fire Company (“NMP VFC”). The audit objectives were: (1) to determine the adequacy of internal controls; (2) to ensure that funds were spent in accordance with governing laws and the fire district millage restrictions, and (3) to assess NMP VFC’s compliance with the Fire Protection Agreement. The scope period of the audit was 01/01/2021 through 12/31/2021 and included all public fund expenditures during that period. The JPOIG performed audit testing in: (1) cash; (2) operating expenditures; (3) payroll; (4) fuel expenditures; and (5) vehicles.

The JPOIG’s testing revealed numerous areas that lacked basic internal controls over payroll, expenditures, vehicles, and fuel. The NMP VFC created a “Longevity Pay Policy” that allowed full-time employees to receive annual bonuses which totaled \$2,355 during the scope period. This program may violate the Louisiana Constitution and the Fire Protection Agreement.

The JPOIG also noted a lack of payroll internal controls that could result in employees being paid for hours they did not work. Of the 126 daily timesheets tested:

- None of the timesheets were signed by shift employees.
- Seventy timesheets (56 percent) were not signed by the captain on duty.
- None of the Fire Chief’s timesheets were reviewed and approved by a Board member.

Thirty-eight percent of the expenditures reviewed did not contain evidence of written approval prior to payment. The JPOIG also noted a lack of internal controls over vehicles and fuel. The NMP VFC did not submit a current vehicle inventory report to the Office of Fire Services (“OFS”), nor did it title its vehicles to the fire district as required by the contract. The vehicles are worth \$1.2 million. The fire district could neither sell nor transfer them without holding the titles. Finally, employees did not put accurate odometer readings in the fuel management system which could result in fuel being dispensed for personal or unauthorized purposes. Overall, the NMP VFC could strengthen its internal controls and resolve most of the findings with better policies and procedures.

Despite the areas for improvement, the JPOIG noted several positive findings. The NMP VFC:

- maintained an accurate inventory of vehicles at its stations.
- spent its operating funds in accordance with the Fire Protection Agreement and those expenditures contained sufficient supporting documentation, except for payroll and bonuses discussed.
- complied with federal and state overtime laws.
- prepared the bank reconciliations properly, and those reconciliations were reviewed and approved by someone other than the preparer.

BACKGROUND

Background

Jefferson Parish (“Parish”) has seven fire districts, exclusive of the East Bank Consolidated Fire District. Each fire district separately generates revenue to support fire prevention and suppression services within the district. The Parish contracts with individual volunteer fire companies (“VFC”) to provide fire prevention and suppression within the various districts. Each district may support one or more VFC, and each VFC may operate one or more stations.

The OFS is a department within Jefferson Parish government that oversees VFCs and acts as liaison between the fire companies and the Parish. Among its responsibilities, the OFS is responsible for managing the cooperative endeavor agreements.¹

The NMP VFC is a non-profit located within Jefferson Parish’s Fire Protection District No. 7 (“District 7”) which is situated on the West Bank. District No. 7 generates approximately \$4.8 million a year for fire prevention and suppression services.²

On 11/15/2017, Jefferson Parish entered into a 10-year Fire Protection Agreement with the NMP VFC to provide fire prevention and suppression services.

Under the terms of the Fire Protection Agreement, the Parish made monthly transfers of approximately \$61,665 (\$739,980 annually) to NMP VFC. As of 12/31/2021, NMP VFC incurred \$721,293 in payroll expenses and \$379,117 in non-payroll expenses. NMP VFC also had \$732,737 in total net assets.³

The NMP VFC operates two fire stations: Station 78 located in Nine Mile Point (Headquarters) and Station 79 located in Westwego.

In June 2022, the Parish passed Resolution 139888 which authorized the solicitation of statement of qualifications for firms interested in providing a consolidation plan for fire protection districts located on the West Bank of Jefferson Parish. The Parish subsequently selected a firm who will study the feasibility of consolidating fire districts on the West Bank.

Acronyms

The JPOIG used the following acronyms in this report.

District 7	Jefferson Parish Fire Protection District No. 7	OFS	Office of Fire Services
JPOIG	Jefferson Parish Office of Inspector General	Parish	Jefferson Parish
NMP VFC	Nine Mile Point Volunteer Fire Company	VFC	Volunteer Fire Company

¹ JPCO § 2-213(2).

² Jefferson Parish 2022, Annual Budget, Fire District No. 7, p. 215.

³ Nine Mile Point Volunteer Fire Company No. 1, Financial Report as audited by Duplantier, Hrapmann, Hogan & Maher, LLP. As of December 31, 2021, and 2020.

I - PROHIBITED EXPENDITURES

NMP VFC created a “Longevity Pay Policy” that allowed full-time employees to receive additional annual compensation based on the longevity of service. As shown in Table 1, the award amount ranged from \$105 to \$345 per employee. NMP VFC issued the payments from the payroll account at the end of the year and withheld taxes for those payments.

Table 1: Length of Service Awards Program

Years of Service	Annual Award Amount
1 – 5	\$105
6 – 11	\$165
12 - 16	\$225
17 - 20	\$285
21+	\$345



Finding #1: The NMP VFC may have violated the Louisiana Constitution and the Fire Protection Agreement because it spent \$2,355 in public funds on a length of service award program for full-time employees.

The JPOIG reviewed the NMP VFC’s policies and procedures and noted the “Longevity Pay Policy.” To determine the entire amount paid, the JPOIG reviewed supporting documentation for all longevity payments made to employees during the scope period.

Criteria:

The NMP VFC used public funds which were subject to La. Const. art. VII, §14(A), which prohibits the donation of public funds. The Constitution states:

...funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.⁴

The Louisiana Attorney General, developed a three-pronged test to determine if an expenditure is permissible under La. Const. art. VII §14(A):

[I]n order for an expenditure or transfer of public funds to be permissible under Art. VII, Sec. 14(A), the public entity must have the legal authority to make the expenditure and must show: (i) a public purpose for the expenditure or transfer that comports with the governmental purpose the public entity has legal authority to

⁴ La. Const. art. VII, §14(A). *See also State v. Reason*, 15-695 (La.Ct.App. 5th Cir. 12/16/2016) 206 So.3d 419, citing *Terrytown Fifth Dist. Volunteer Fire Dept. v. Wilcox*, 97-322 (La.Ct.App. 5th Cir 01/14/98), 707 So.2d 449 finding a volunteer fire department to be a public body because it is funded with government funds, renders a public service and is a quasi-public nonprofit corporation. *See also* La.AG Opinion 15-0130, 12/30/2015, opinion that bonus payments by Marrero Estelle Volunteer Fire Co., No. 1 to fire fighters is not authorized by contractual or fiduciary duty to expend funds for fire protection services.

pursue; (ii) that the expenditure or transfer, taken as a whole, does not appear to be gratuitous; and (iii) that the public entity has a demonstrable, objective, and reasonable expectation of receiving at least equivalent value in exchange for the expenditure or transfer of public funds.⁵

The Louisiana Attorney General consistently opined that:

[p]aying an employee extra compensation in addition to what is owed to her for work that has been done in the past when the employer is under no legal obligation to do so is a payment of a bonus.... [T]he payment of a bonus, or any other gratuitous, unearned payment to public employees is prohibited, is not legal as it is a violation of the La. Const. art. VII, Sec. 14(A).... Additionally, [the Attorney General] has previously determined that payments of additional compensation to public employees, to be constitutionally valid, must be in the form of salary increases for future services to be rendered, not extra compensation for past services already rendered and recompensed.^{6,7}

The Fire Protection Agreement allowed the NMP VFC “to in accordance with La. R.S. 40:1510, implement and execute a length of service awards programs... which provides a monetary benefit, based upon service, to eligible *volunteer* [emphasis added] firefighters....”^{8,9} However, the Fire Protection Agreement prohibits “awards or gifts; except as otherwise provided herein.”¹⁰ The JPOIG noted the Fire Protection Agreement did not provide a clause that allowed length of service awards for full-time paid firefighters.

Why This Finding Matters:

These funds could have been used to purchase goods or services related to a public purpose.

⁵ La. Atty. Gen. Op. No. 09-0018. *See also* La.AG Opinion 15-0130, 12/30/2015, opinion that bonus payments by Marrero Estelle Volunteer Fire Co., No. 1 to fire fighters is not authorized by contractual or fiduciary duty to expend funds for fire protection services.

⁶ In the context of salary increases, the payment of earned compensation retroactive to the time at which the state or a political subdivision obligated itself to make such a payment is distinguishable from "extra compensation for past services rendered" in that the compensation is not "extra." The compensation due or earned compensation of an employee is that which an employer is required to pay pursuant to its obligation(s) to the employee. It is a payment outside of any such obligation(s) that would constitute "extra compensation for past services rendered" if distributed as a salary increase with retroactive effect. The prospective application analysis should relate to the salary increase being prospective from the point at which the obligation was created.

⁷ La. Atty. Gen. Op. No. 09-0260.

⁸ Fire Protection Agreement between District No. 7 of the Parish of Jefferson, State of Louisiana and Nine Mile Point Volunteer Fire Company No. 1. Article IV, Payment, paragraph viii, dated 11/15/2017.

⁹ La. R.S. 40:1510(3) allows for the implementation and execution of a length of service awards program. “[A] length of service awards program shall mean a program established by the... volunteer fire department that provides a monetary benefit, based upon service, to eligible *volunteer* [emphasis added] firefighters as determined by the... volunteer fire department. The length of service awards program shall not be considered a vested right nor entitle the recipient to any other benefit not directly related to the program's monetary benefit. The length of service award shall not be considered permanent and may be discontinued at any time.”

¹⁰ Fire Protection Agreement between District No. 7 of the Parish of Jefferson, State of Louisiana and Nine Mile Point Volunteer Fire Company No. 1. Article IV, Payment, p.10, dated 11/15/2017.

Cause:

The Fire Chief and administrative staff were not aware of the restriction on public funds. Although the NMP VFC developed a policy that allowed for the length of service program, the policy did not comply with the restrictions on the donation of public funds or the Fire Protection Agreement.

Recommendation:

All NMP VFC employees who are responsible for procurement, check-signing, and/or processing payroll should: (1) develop a thorough understanding on allowable uses of public funds; (2) revise the length of service policy to comply with the restrictions in the Louisiana Constitution and the Fire Protection Agreement; and (3) discontinue using public funds for their length of service award program.

II – PAYROLL

Timecard Approvals

The standard pay period for the NMP VFC was based on a 24-hour work shift (7:00 am – 7:00 am) and a 14-day pay period. The NMP VFC’s defined work period for purposes of calculating overtime was fourteen days. The Fire Chief determined scheduled days off in advance to ensure station coverage. Employees were required to request to take unscheduled leave from the Fire Chief at least a week in advance. The NMP VFC allowed leave hours to be calculated towards the overtime threshold even though those hours were not worked.

The captain on duty filled out a timesheet in an Excel file for each day’s shift. This timesheet/file was then supposed to be signed by the captain. The individual employees did not sign it attesting to their time worked. The method for signing the timesheets by the captain on duty was to simply type in their name in a script font on top of the signature line. The timesheet was then emailed to the Fire Chief. The Fire Chief’s timesheet covered a biweekly period. The hours the Fire Chief worked were not included in the daily timesheets.

When payroll was processed, the Fire Chief reviewed the payroll amounts, hours, and pay rates to ensure that payroll was accurate and correct according to the daily timesheets which were submitted to him. However, the Fire Chief did not document his approvals on the timesheets sent to him. None of the timesheets were sent to the Board for approval, including the Fire Chief’s timesheet. As a result, no one reviewed and approved the Fire Chief’s bi-weekly timesheet.



Finding #2: The NMP VFC neither designed nor implemented proper internal controls for payroll because timesheets were not completed properly nor reviewed and approved by a supervisor.

Auditors judgementally sampled 126 timesheets from 45 bi-weekly payroll submissions and noted:

- None of the 126 daily timesheets were signed by the shift employees attesting to the hours worked.
- Seventy of the 126 daily timesheets (56 percent) were not signed by the captain on duty.
- None of the 126 timesheets were approved by the Fire Chief.
- None of the Fire Chief’s nine weekly timesheets were reviewed and approved by a Board member.

Criteria:

The Louisiana Legislative Auditor recommends that:

Each employee should complete and sign a time sheet, including daily hours worked, beginning and ending work times, break and lunch times, and leave (e.g., annual and sick) taken. If not using timesheets, employees must otherwise certify that they have worked their required hours (e.g., 40 hours/week for a full-time employee).

Time sheets and related leave requests should be approved by each employee's supervisor prior to payroll processing. Exceptions should be discussed with employees and resolved in a timely manner. For directors, CEOs, etc., hired by a board, time sheets should be approved by a board member.¹¹

Why This Finding Matters:

Employees could be paid for hours they did not work.

Cause:

The NMP VFC Payroll Policy and Procedures did not require: (1) employees, the shift captain, or the Fire Chief to sign their timesheet or otherwise certify they worked their required hours; or (2) the shift captain and/or the Fire Chief to review and approve the employees' timesheets. Additionally, the NMP VFC's Board of Directors did not have a policy to review and approve the Fire Chief's timesheet.

Recommendation:

The NMP VFC should revise their policy to require that: (1) employees and managers attest to their time; (2) the shift captain and/or the Fire Chief review and approve employees' timesheets; and (3) the Fire Chief submit his timesheet to the Board for review and approval. The Board should document a policy that requires the Fire Chief to submit his timesheet for review and approval. All attestations and approvals should be documented on the timesheets. The Board and Fire Chief should disseminate all new policies to ensure employees comply with any new requirements.

Firefighter Overtime Pay

Each of the NMP VFC's firefighters are assigned to work a rotating work schedule. Each employee was grouped into one of three separate shifts: A, B, or C. All NMP VFC firefighting employees worked an overlapping work schedule over a 15-day period, with the first 10-day period comprising 24 hours on duty and 24 hours off duty, followed by 5 consecutive days off. These employees were paid on a bi-weekly basis, over a total of 26 pay periods per year. Each employee had a 14-day work period for the purpose of calculating overtime.



Positive Finding #1: The NMP VFC complied with the Code of Federal Regulations and Louisiana state law because it calculated overtime hours properly and accurately paid firefighters for overtime worked.

The JPOIG judgmentally selected 15 firefighters, recalculated hours worked, determined the overtime hours based on a 106-hour work period, and recalculated overtime. The Code of Federal Regulations established the number of hours a firefighter was required to work before earning overtime. According to 29 CFR 553.230(a),

For those employees engaged in fire protection activities who have a work period of at least 7 but less than 28 consecutive days, no overtime compensation is required under section 7(k) [of the Fair Labor Standards Act] until the number of hours

¹¹ Louisiana Legislative Auditor Best Practices. *Payroll/Personnel*, Issued October 2018.

worked exceeds the number of hours which bears the same relationship to 212 as the number of days in the work period bears to 28.

Refer to Table 2 for Maximum Hours Standards.

Table 2: Maximum Hours Standards

Work Period (Days)	Max Hours	Work Period (Days)	Max Hours	Work Period (Days)	Max Hours
7	53	15	114	23	174
8	61	16	121	24	182
9	68	17	129	25	189
10	76	18	136	26	197
11	83	19	144	27	204
12	91	20	151	28	212
13	98	21	159		
14	106	22	167		

La. R.S. 33:1944 requires the Parish to adhere to the “provisions of the federal Fair Labor Standards Act, as implemented in 29 CFR Part 553.”¹²

¹² La. R.S. 33:1944.

III – EXPENDITURES

Expenditure Approvals

To process the NMP VFC's expenditures, the Administrative Assistant collected all correspondence, vendor receipts, invoices, and/or statements from firefighters and wrote a check to the vendor from the Operating Account. Then, the Administrative Assistant stamped "paid" on the invoice and purchase order and wrote the check number, initials, and date on the invoice. Each issued check required two signatures from the following individuals:

- Board President – Arthur W. Zink, Jr.;¹³
- Board Chairman – James Tuller;
- Treasurer – Brandon Raines; or
- Administrative Assistant – Shana Conravey.

These checks had to be signed by the President and Vice President or the Secretary/Treasurer of the fire department, or in emergencies, the Administrative Assistant. Signatories had to review and approve all purchases made prior to signing the check. The payment process did not require the Fire Chief or any supervisor to approve expenditures before they were made.



Finding #3: The NMP VFC neither designed nor implemented proper approval internal controls because expenditures did not contain evidence of written approval by the Fire Chief or any supervisor prior to purchase.

The JPOIG judgmentally sampled 24 expenditures, totaling \$52,057, and reviewed the supporting documentation to determine if the expenditures were an allowable use of restricted millage funds. All 24 expenditures contained proper signatures on each check. However, 9 of the 24 expenditures tested (38 percent), totaling \$17,575, did not contain evidence of written approval by the Fire Chief or any supervisor.

Criteria:

The Louisiana Legislative Auditor recommends that management implement controls to ensure that purchases are documented and approved.¹⁴ The Fire Protection Agreement also required the NMP VFC “to maintain adequate records and retain such records in accordance with standard accounting guidelines, showing disbursement of all funds received pursuant to the [Fire Protection Agreement]....”¹⁵

Why This Finding Matters:

The NMP VFC could incur expenditures that are not authorized or allowed by law.

Cause:

The NMP VFC developed and implemented a process that required the Fire Board to approve

¹³ On May 11, 2022, Arthur W. Zink, Jr. resigned and was removed as a signatory.

¹⁴ Louisiana Legislative Auditor Best Practices. *Purchasing and Disbursements*, Issued October 10, 2014.

¹⁵ Fire Protection Agreement between District No. 7 of the Parish of Jefferson, State of Louisiana and Nine Mile Point Volunteer Fire Company No. 1. Article III, Reports and Records, Paragraph C, dated 11/15/2017.

expenditures after they are incurred. However, the NMP VFC did not have a policy that required the Fire Chief to document his review and approval prior to payment.

Recommendation:

The NMP VFC should document their processes to require the Fire Chief to document his review prior to purchase. The documented approval should include his initial/signature and the date reviewed and approved.

Allowability of Expenditures

The JPOIG judgementally sampled 24 expenditures, totaling \$52,057 and reviewed the supporting documentation to determine if the expenditures were an allowable use of restricted millage funds as defined in the Fire Protection Agreement.



Positive Finding #2: All 24 expenditures tested were an allowable use of restricted millage funds. The JPOIG noted that all expenditures contained proper supporting documentation and appeared to be incurred for a public purpose.

According to the Fire Protection Agreement, the NMP VFC shall not use the public funds for:

- (i) Alcoholic beverages.
- (ii) Gifts or supplies for non-firefighting personnel; except as otherwise provided herein.
- (iii) Awards or gifts; except as otherwise provided herein.
- (vi) Training, travel, education or expenses that are not directly related to firefighting, fire department management and administration, search and rescue, hazardous materials, emergency medical response, emergency management, fire suppression services, fire prevention services, rescue operations, as well as response to incidents, emergencies, disasters or civil disturbances.
- (v) Any additional travel expenses incurred as a result of a paid or volunteer member of the Company being accompanied by an individual who is not required to undergo the training for which the travel was authorized, or whose presence is not required for the performance of the Company business for which the travel was authorized.¹⁶

¹⁶ Ibid. Article IV, Payment, p.10, dated 11/15/2017.

IV – VEHICLES

Vehicle Titles

The NMP VFC maintained a fleet of seven fire vehicles as shown in Table 3. These vehicles varied from large fire suppression/heavy rescue vehicles to sedans and pick-up trucks. The Fire Chief was assigned the 2013 Ford F250 pick-up truck as a take-home vehicle.

Table 3: NMP VFC Vehicle Inventory

Item No.	Vehicle Year	Description	Cost
1	1999	Hackney Rescue HVY	\$206,712
2	2009	Covenant Trailer	\$4,250
3	2002	Ford PPT	\$25,091
4	1999	Spartan Pumper	\$207,648
5	2002	Spartan Pumper	\$286,036
6	2013	Ford F250	\$37,239
7	2016	Ferrara Fire Truck	\$791,301
Total			\$1,558,277



Finding #4: The NMP VFC did not comply with the Fire Protection Agreement because it did not submit a current vehicle inventory report to the OFS, nor did it title all vehicles in District 7's name.

The JPOIG inspected all vehicle titles and noted that five of the seven vehicles were titled to the NMP VFC instead of District 7. The five vehicles cost a total of \$1,247,150.

Criteria:

The Fire Protection Agreement required:

...[the] Company [to] furnish the District with a list of all property [costing \$500 or more]. Thereafter, upon reasonable notice to Company, the District will have access to Company's premises and records to make whatever verification it feels may be required.¹⁷

The Fire Protection Agreement also required all:

apparatus, equipment, and vehicles purchased [with public funds] shall be the property of [the]District and shall be titled in the name of [the] District.¹⁸

¹⁷ Ibid. Article I, Obligations of the Company, Section 3, Paragraph h, dated 11/15/2017.

¹⁸ Ibid. Article I, Obligations of the Company, Section 3, Paragraph d, dated 11/15/2017.

Why This Finding Matters:

The OFS may not know if assets were missing or being misappropriated. District 7 does not own vehicles which are worth \$1.2 million. District 7 can neither sell nor transfer them.

Cause:

The Fire Chief was not aware of the requirements in the Fire Protection Agreement. Furthermore, the OFS did not have a process to request or collect uniform vehicle inventory reports from all volunteer fire companies. The NMP VFC Fire Chief was not aware that vehicles should be titled to District 7.¹⁹

Recommendation:

The NMP VFC should develop a policy that requires the Fire Chief to submit its vehicle listing to OFS annually. The OFS should also:

1. Develop a policy that requires all VFCs to submit an annual inventory count;
2. Request and review the inventory counts annually; and
3. Follow-up with the Fire Chief to resolve any discrepancies.

The Fire Chief should review the Fire Protection Agreement to ensure he is aware of all requirements. The NMP VFC should also transfer the title of all vehicles to District 7.

Vehicle Listings

The JPOIG obtained the NMP VFC's vehicle listing, verified completeness of the listing, and physically inspected all seven vehicles at the fire station.



Positive Finding #3: The NMP VFC complied with the Fire Protection Agreement because it maintained an accurate inventory of all vehicles held at the fire station, and the JPOIG verified the existence of all vehicles.

The Fire Protection Agreement required:

...the District and Company [to] cooperate with one another to prepare an inventory of each asset and piece of equipment owned by the District with an initial purchase cost of five hundred (\$500.00) dollars or more utilized by the Company.²⁰

¹⁹ A title serves as the proof of ownership and includes identifying information about the vehicle, such as its make, model, and vehicle identification number. A title is essential for registering or selling a vehicle.

²⁰ Fire Protection Agreement between District No. 7 of the Parish of Jefferson, State of Louisiana and Nine Mile Point Volunteer Fire Company No. 1. Article I, Obligations of the Company, Section 3, Paragraph h, dated 11/15/2017.

V – FUEL PURCHASES

In 2021, the NMP VFC spent \$6,538 to fuel their vehicles. The NMP VFC utilized fuel transaction cards by a fuel company, Fleet Services. Each of the seven vehicles was assigned a fuel card that was kept in the glove compartment. Each employee was assigned their own identification number to purchase fuel. Each employee was required to use the fuel card assigned to the vehicle and input their unique identification number and the odometer reading into the fuel management system before they could purchase fuel. If an employee did not input the odometer reading or if the odometer reading was not chronologically possible (e.g., the odometer reading is lower than the previous odometer reading), an “invalid odometer exception” was noted on the fuel invoice.



Finding #5: The NMP VFC did not design nor implement proper internal controls over fuel transactions because employees did not put accurate odometer readings in the fuel pump systems.

The JPOIG tested 100 percent of all fuel transactions during the scope period, totaling \$6,538. The JPOIG reviewed documentation and noted it was sufficient for tracing the volume of fuel purchased and the employee who pumped the fuel. However, of the 183 fuel transactions tested on the 12 monthly invoices, the JPOIG noted 56 instances (31 percent) in which an employee did not put an accurate odometer reading into the fuel pump system. These fuel transactions were flagged as an “invalid odometer exception.” The fuel costs for these transactions totaled \$1,742.²¹

Criteria:

The Louisiana Legislative Auditor recommends that: (1) employees enter the correct odometer reading when fueling the vehicle; (2) employees use the card only for the assigned vehicle; (3) management to review the card statements promptly to ensure that the dates of use are reasonable, drivers are entering accurate odometer readings, and the number of gallons received, miles traveled, and miles per gallon are reasonable; and (4) management document the disposition of all missing and/or erroneous odometer readings on fuel statements.²²

The Louisiana Legislative Auditor also recommends that management “implement and monitor controls over fuel (gasoline and diesel) to ensure that purchases and usage is reasonable, authorized, and that only municipality-owned vehicles and equipment are receiving the fuel.”²³

Why This Finding Matters:

Fuel could be dispensed for personal or unauthorized purposes.

Cause:

The NMP VFC did not have a written policy regarding fuel purchases, distribution of fuel cards, assigned take-home vehicles, review and approval of fuel reports, and a follow-up process with employees responsible for flagged transactions. There was not a disciplinary process for

²¹ The fuel costs for the 12 monthly invoices totaled \$6,538.

²² Louisiana Legislative Auditor Best Practices. *Controls over Gasoline/Diesel*, Issued September 6, 2005.

²³ Louisiana Legislative Auditor Best Practices. *Fuel Policy and Procedures*, Issued October 10, 2014.

employees who did not comply with policies and procedures.

Although the Board reviewed the invoices and approved for payment, the detailed monthly fuel log containing any flagged purchases was neither reviewed by management nor the Fire Board.

The Fire Chief also asserted that fire truck engine 798's odometer was broken, and employees could not put in an odometer reading at the gas pump.

Recommendation:

The NMP VFC should establish a written policy consistent with the Louisiana Legislative Auditor Best Practices and communicate the policy to all employees who are authorized to purchase fuel. The NMP VFC management should review all "invalid odometer exceptions" and establish a follow-up process to ensure all "invalid odometer exceptions" are documented and resolved promptly. Management should develop a disciplinary process for employees who repeatedly generate "invalid odometer exceptions" including revoking their fuel pin, issuing a written reprimand, and assessing penalties up to and including termination. Furthermore, the NMP VFC should repair truck engine 798's odometer as soon as possible.

VI – CASH

The NMP VFC maintained four bank accounts with Hancock Whitney Bank. Three accounts were funded with fire millage (public) money. The purpose and source of funds for each account is listed in Table 4 below. The Administrative Assistant prepared the monthly bank reconciliations and then sent the reconciliations to the Board President, Vice President, and Treasurer for review. The Treasurer signed off the bank reconciliation indicating approval.

Table 4: NMP VFC Bank Accounts

Account	Funding Source	Purpose	Balance as of 12/31/2021
Operating	Millage	Operating Expenses	\$9,300
Savings	Millage	Funds for Future Projects	\$10,000
Payroll	Millage	Employee Pay	\$200
Private ²⁴	Donations		\$47,535
Total			\$67,035



Positive Finding #4: The NMP VFC properly prepared bank reconciliations for all accounts containing public funds and those bank reconciliations were reviewed and approved by someone other than the preparer.

The JPOIG reviewed all bank reconciliations during the scope period and validated that all cash balances were properly reconciled.

Criteria:

The Louisiana Legislative Auditor recommends that a person should be appointed as a “preparer” to consider whether: (1) all receipts and disbursements are recorded by the entity; (2) checks are clearing the bank in a reasonable time; (3) reconciling items are appropriate and are being recorded; and (4) the reconciled cash balance agrees to the general ledger balance. The preparer then signs and dates the document, which is then sent to another designated official for review, approval, and signature.²⁵

²⁴ The bank account titled “Private” is presented only for informational purposes.

²⁵ Louisiana Legislative Auditor Best Practices, *Bank Reconciliations*. Issued October 2018.

VII – FIRE PROTECTION AGREEMENT GENERAL COMPLIANCE

The JPOIG reviewed the NMP VFC’s 2021 general ledger to determine if any equipment purchases were subject to the Fire Protection Agreement’s restrictions, required approval by the Director of Fire Services, or required to be procured in accordance with public bid law.²⁶ The JPOIG found no applicable purchases and offers no opinion on compliance.²⁷

The JPOIG inspected the NMP VFC’s insurance policies to determine if the NMP VFC maintained the required insurance coverage. The JPOIG noted no exceptions. The JPOIG also inquired of Parish officials as to whether the NMP VFC submitted the required documentation during the audit scope period to the appropriate department directors. Parish officials confirmed that the NMP VFC submitted the required reports.



Positive Finding #5: The NMP VFC complied with the Fire Protection Agreement because it maintained required insurance coverage and submitted required reports to the Parish.

Criteria:

For insurance, the Fire Protection Agreement required the NMP VFC to have:

1. Fire and contents insurance sufficient to cover the appraised value of all firefighting facilities and depreciable assets purchased with public funds of any kind;
2. Auto liability insurance on all vehicles with limits of \$1,000,000 for each occurrence, and physical damage coverage including collision coverage and comprehensive coverage with a maximum of \$5,000 deductible for each occurrence;
3. Worker's compensation insurance for employer’s liability, section B, shall be at least \$1,000,000 per occurrence;
4. Flood insurance for all properties located in a flood zone other than B, C, or X; or properties which have been previously flooded and have received FEMA funds;
5. Commercial general liability insurance covering the company’s operations and risks associated with such operations in the amount of \$2,000,000; and
6. Occurrence-based professional liability insurance with limits of \$1,000,000 per occurrence and \$2,000,000 aggregate.²⁸

For reports and records, the Fire Protection Agreement required the NMP VFC to submit to the Parish the following:

²⁶ The Fire Protection Agreement required NMP VFC to: (1) Adhere to Public Bid Law for purchases of any materials or supplies in the amount of \$10,000 or greater utilizing the public funds; (2) Notify the Director of OFS prior to purchasing any vehicles, equipment or apparatus valued at \$100,000 or greater; and (3) Obtain approval prior by the Parish prior to purchasing a fire apparatus utilizing the proceeds of a Parish’s bond issue or the funds held by the Parish for capital improvement purposes.

²⁷ Fire Protection Agreement between District No. 7 of the Parish of Jefferson, State of Louisiana and Nine Mile Point Volunteer Fire Company No. 1. Article I, Obligations of the Company, Section 3, Paragraphs a/b/f, dated 11/15/2017.

²⁸ Ibid. Article I, Obligations of the Company, Section 4, Paragraphs a-f, dated 11/15/2017.

1. On an annual basis, an audited financial statement showing the disbursement of all public funds received for the previous year to the Finance Director;
2. An itemized annual budget for operations and capital expenditures to the Director of OFS. Any and all amendments made to the budget by the company during the budget year shall be submitted to the Director of OFS no later than ten (10) days from the date that the amendment was approved by company. Additionally, a budget-to-actual report for prior calendar year expenditures shall be submitted to the Director of OFS no later than June 30th of each year;
3. Quarterly financial reports concerning the expenditures of funds received pursuant to Article IV of the Fire Protection Agreement. Each report shall be furnished to the Director of OFS no later than thirty (30) days following the end of the reporting period; and
4. Certificates of completion issued by the Louisiana Board of Ethics concerning completion of the one (1) hour ethics training program mandated by La. RS. 42:1170. On or before January 1st of each year, the company shall furnish to the Director of OFS certificates of completion for each employee legally required to undergo ethics training during the preceding year. Additionally, the company shall submit a roster of all members that are legally required to undergo the ethics training program.²⁹

²⁹ Ibid. Article III, Reports and Records, Paragraphs A/B/D/E, dated 11/15/2017.

OBJECTIVES, SCOPE, & METHODOLOGY

Objectives, Scope & Methodology

The JPOIG conducted an audit of NMP VFC. The audit objectives were: (1) to determine the adequacy of internal controls; (2) to ensure that funds were spent in accordance with governing laws and the fire district millage restrictions, and (3) to assess NMP VFC's compliance with the Fire Protection Agreement.

The scope period of the audit was 01/01/2021 through 12/31/2021 and included all public fund expenditures during that period. The JPOIG performed testing in: (1) cash; (2) operating expenditures; (3) payroll; (4) fuel expenditures; and (5) vehicles. To accomplish the audit objectives, the JPOIG:

1. Reviewed policies, procedures, and other documents.
2. Developed a non-statistical sample of expenditures and payroll transactions and performed analysis.
3. Reviewed financial records, including but not limited to financial statements, bank statements, invoices, receipts, vehicle inventory listings, titles and registration certificates.
4. Performed detailed analysis to test for compliance with contracts, laws, and regulations.
5. Performed a physical inventory of NMP VFC's vehicles.
6. Conducted interviews with employees.

Data Reliability

The JPOIG assessed the reliability of the financial data by: (1) interviewing officials knowledgeable about the data; (2) comparing data to source documents for reliability; and (3) reviewing selected system controls. Auditors determined that the data were sufficiently reliable for the purposes of this report.³⁰

Auditing Standards

This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*, promulgated by the Institute of Internal Auditors.

Audit Criteria

Auditors used the following criteria for this performance audit:

- Louisiana Legislative Auditor Best Practices;
- Louisiana Constitution;
- Louisiana Revised Statutes;
- Louisiana Attorney General Opinions;
- Code of Federal Regulations; and
- Fire Protection Agreement, dated November 15, 2017.

³⁰ GAO-20-283G Assessing Data Reliability. December 2019.

Legal Authority

The authority to perform this audit is established in Jefferson Parish Code §2-155.10 and La. R.S. 33:9613. This audit was an emergent audit.

PARISH & NON-PARISH ENTITY COMMENTS

Pursuant to the Jefferson Parish Code of Ordinances, the JPOIG must provide a copy of the report or recommendations to:

[a] person in charge of any parish department, agency, board, commission, the parish president, the parish council, or any member of the parish council or person in charge of any parish department [and these persons] shall have thirty (30) working days to submit a written explanation or rebuttal of the findings before the report or recommendation is finalized, and such timely submitted written explanation or rebuttal shall be attached to the finalized report or recommendation.³¹

On 10/21/2022, the JPOIG distributed a Draft Report to the Parish entities who were the subject of the audit so they would have an opportunity to comment on the report prior to the public release of this Final Report. The JPOIG received those comments on 12/08/2022.

The JPOIG must also provide non-Parish individuals or entities with:

a copy of the report after thirty (30) working days and [those individuals or entities] shall have twenty (20) working days to submit a written explanation or rebuttal of the findings before the report or recommendation is finalized, and such timely submitted written explanation or rebuttal shall be attached to the finalized report or recommendation.³²

On 12/07/2022, the JPOIG distributed a Draft Report to the non-Parish entities who were the subject of the audit so they would have an opportunity to comment on the report prior to the public release of this Final Report. The JPOIG received those comments on 01/05/2023.

The JPOIG attached the Parish and Non-Parish entity comments to the report.

³¹ JPCO §2-155.10 (9)(b).

³² JPCO §2-155.10 (9)(c).

Parish & Non-Parish
Entity Comments





JEFFERSON PARISH

OFFICE OF THE PARISH PRESIDENT

CYNTHIA LEE SHENG
PARISH PRESIDENT

December 8, 2022

Via Electronic Mail

Kim Raines Chatelain
Jefferson Parish Inspector General
990 N. Corporate Drive, Suite 300
Jefferson, LA 70123

Re: Administration Response to Office of Inspector General-Jefferson Parish-
Confidential Draft Audit Nine Mile Point Volunteer Fire Company

Ms. Chatelain:

In accordance with Jefferson Parish Code Section 2-155.10(9), the Administration respectfully submits this response to the above-referenced JPOIG Confidential Draft Audit. In connection with the above-referenced matter, my staff met with the various Departments responsible for oversight of the Nine Mile Point Volunteer Fire Company (“Nine Mile Point”), including the Office of Fire Services (“OFS”), and your Office to discuss your draft audit. Your draft audit and those meetings produced many relevant suggestions that I believe warrant further action and corrective measures to ensure that policies are further developed and adhered to by Nine Mile Point.

The findings identified in the draft audit are addressed in detail below.

Finding No. 1: The NMP VFC may have violated the Louisiana Constitution and the Fire Protection Agreement because it spent \$2,355 in public funds on a length of service award program for full-time employees.

The Nine Mile Point length of service award is similar to the Jefferson Parish Tenure Award Program provided to all Classified Pay Plan and Executive Pay Plan employees – including the Office of Inspector General – and other longevity/tenure incentive programs in the region that are a vital tool for recruitment and retention of public employees and first responders. As contract consideration paid to a *quasi-public* entity and used for employee compensation, the millage funds do not retain the character of funds of a political subdivision, and their use for a length of service award cannot violate Article VII, Section 14 of the Louisiana Constitution. Even if the contract consideration retains the character of “public funds” and the above-referenced Constitutional restrictions apply, the length of service award is allowed because payment of such as a part of the employee’s total compensation is not gratuitous in nature. Finally, termination of the contract or

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legal action against Nine Mile Point can only be properly addressed by the Jefferson Parish Council as the governing authority.

Finding No. 2: The NMP VFC neither designed nor implemented proper internal controls for payroll because timesheets were not completed properly nor reviewed and approved by a supervisor.

In accordance with Code of Ordinances Sections 2-211 *et seq.* – and within the constraints set forth in the CEA – OFS oversees and provides guidance to Nine Mile Point, however, ultimately the officers and management are responsible for the day-to-day operations of Nine Mile Point who are in turn accountable to its Board of Directors. (OFS will review Nine Mile Point’s response to this audit, if any, and provide guidance with respect to this finding and recommendation.)

Finding No. 3: The NMP VFC neither designed nor implemented proper approval internal controls because expenditures did not contain evidence of written approval by the Fire Chief or any supervisor prior to purchase.

In accordance with Code of Ordinances Sections 2-211 *et seq.* – and within the constraints set forth in the CEA – OFS oversees and provides guidance to Nine Mile Point, however, ultimately the officers and management are responsible for the day-to-day operations of Nine Mile Point who are in turn accountable to its Board of Directors. (OFS will review Nine Mile Point’s response to this audit, if any, and provide guidance with respect to this finding and recommendation.)

Finding No. 4: The NMP VFC did not comply with the Fire Protection Agreement because it did not submit a current vehicle inventory report to the OFS, nor did it title all vehicles in District 7’s name.

In 2020, OFS developed and implemented Standard Operating Procedures to ensure that all contractual obligations are met as outlined in the CEA and regularly monitors each volunteer fire company for compliance. The Administration and OFS is committed to coordinating with Nine Mile Point to regularly review all contractually required reports to ensure compliance with the CEA.

Finding No. 5: The NMP VFC did not design nor implement proper internal controls over fuel transactions because employees did not put accurate odometer readings in the fuel pump systems.

In accordance with Code of Ordinances Sections 2-211 *et seq.* – and within the constraints set forth in the CEA – OFS oversees and provides guidance to Nine Mile Point, however, ultimately the officers and management are responsible for the day-to-day operations of Nine Mile Point who are in turn accountable to its Board of Directors. (OFS will review Nine Mile Point’s response to this audit, if any, and provide guidance with respect to this finding and recommendation.)

In conclusion, the Administration and OFS is committed to continued discussion with and input from your Office so that prospective and existing policies and procedures are followed.

Thank you for your assistance, and for providing us an opportunity to respond.

If you have any questions, please contact me at your earliest convenience.

Sincerely,



Cynthia Lee Sheng
Parish President

cc: Mr. Steve LaChute, Chief Operating Officer
Ms. Valerie Brolin, Deputy Chief Operating Officer
Honorable Ricky Templet, Councilman at Large, Div. A
Honorable Scott Walker, Councilman at Large, Div. B
Honorable Marion Edwards, Councilman, Dist. 1
Honorable Deano Bonano, Councilman, Dist. 2
Honorable Byron Lee, Councilman, Dist. 3
Honorable Dominick Impastato, Councilman, Dist. 4
Honorable Jennifer Van Vrancken, Councilwoman, Dist. 5
Ms. Peggy Barton, Parish Attorney
Mr. David Courcelle, Deputy Parish Attorney
Mr. Bryan Adams, CAA- Internal Services
Chief Don Robertson, Fire Services



NINE MILE POINT VOLUNTEER FIRE CO. No. 1

1024 OAK AVENUE NINE MILE POINT LA 70094

Phone: (504) 349-5178

Fax: (504) 349-5578

James A. K. Tuller
President

Keith Plaisance, Jr.
Fire Chief

January 5, 2023

Office of Inspector General Jefferson Parish
c/o Erica D. Smith, Deputy Inspector General - Audit
990 N. Corporate Drive, Suite 300
Jefferson, LA 70123

In Re: Nine Mile Point Volunteer Fire Company #1 (NMP) Response to Jefferson Parish Office of Inspector General (JPOIG) Audit Findings & Recommendations

Dear Ms. Smith,

Please find below the Nine Mile Point Volunteer Fire Company #1's response to the JPOIG Audit Findings & Recommendations:

Finding #1: Longevity Pay

NMP is in agreement with the JPOIG's finding, although unaware of any wrongdoing prior to this audit, a motion was made and carried unopposed at the 12/13/2022 BOD/Membership meeting to do away with NMP's Longevity Pay program without delay.

Finding #2: Timesheet Approvals

NMP is in agreement with the JPOIG's finding, and the current Payroll Policy will be revised to include the following

- All employees will be responsible for reviewing & signing their own timesheets for each pay period.
- The Fire Chief will be responsible for reviewing & signing all Fireline employee timesheets for verification.
- The Administrative Assistant will be responsible for reviewing & signing all their timesheet for each pay period.

- The President will be responsible for reviewing & signing the Fire Chief and Administrative Assistant's timesheets.

Finding #3: Expenditures

NMP is in agreement with the JPOIG's finding, and the current Purchases/Requisitions Policy will be revised to include the following:

- The NMP Board of Directors will be required to make a motion for and approve any purchase/payments prior to remittance.
- The Fire Chief will be required to document his notification/request and approval, prior to purchase.
- Said documentation must include the Fire Chief's initials/signature and the date reviewed and approved.

Finding #3: Vehicle Inventory

NMP is in agreement with the JPOIG's finding and will develop and implement a policy that requires the Fire Chief to submit a current vehicle list for NMP to the OFS annually. NMP will also contact the 7th District for assistance to begin the process of transferring titles of the 5 vehicles in question.

Finding #3: Fuel Transactions

NMP is in agreement with the JPOIG's finding and will develop and implement a written policy that includes the following:

- All employees who are authorized to purchase fuel will be required to record accurate odometer readings when fueling up.
- The Fire Chief will be responsible for reviewing all "invalid odometer exceptions" and employing a follow-up process to ensure all exceptions are documented and resolved appropriately.
- A disciplinary process will be established for employees who repeatedly generate "invalid odometer exceptions" including specific reprimands and penalties up to and including termination.

Please feel free to contact me should you have any questions or concerns.

With Utmost Respect,

James A.K. Tuller
President

REPORT FRAUD, WASTE, OR ABUSE

BY INTERNET:

Visit our website at www.jpoig.net, click
"Report Waste, Fraud or Abuse"

BY PHONE:

Call our tip line at (504) 528-4444

BY MAIL:

990 N. Corporate Drive, Suite 300
Jefferson, LA 70123

IN PERSON:

Contact us at (504) 736-8962 to schedule an appointment

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