



**Jefferson Parish Office of Inspector General**



# **Marrero-Harvey Volunteer Fire Company**

**Audit Report 2022-0029**

**January 18, 2024**

**Kim Raines Chatelain, Inspector General**

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## EXECUTIVE SUMMARY

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The Jefferson Parish Office of Inspector General (JPOIG) conducted an audit of Marrero-Harvey Volunteer Fire Company (MH VFC). The purpose of the audit was to: (1) determine if internal controls were designed properly and operating effectively; (2) ensure that funds were spent in accordance with governing laws and the fire district millage restrictions; (3) assess MH VFC's compliance with the Fire Protection Agreement, dated 03/06/2018. 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 MH VFC created a "Length of Service Awards Program" that allowed full-time employees to receive an additional \$21,200 in annual compensation 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 because employees were paid incorrectly. Eighty-three percent of the expenditures reviewed, totaling \$160,193, did not contain written approval prior to purchase. Ninety-five percent of the expenditures, totaling \$196,701, did not contain a documented signature on the invoice indicating board approval after the purchase.

The JPOIG also noted a lack of internal controls over vehicles and fuel. The MH VFC did not submit a current vehicle inventory report to the Office of Fire Services (OFS), nor did it title all vehicles properly. Without proper title, the fire district did not own vehicles worth \$3,160,437, and it could neither sell nor transfer them. Finally, the MH VFC's storage tank fuel log lacked information needed to accurately track fuel purchases and usage in the tank which could result in fuel being dispensed for personal or unauthorized purposes.

The JPOIG recommended that MH VFC employees:

- gain an understanding of its policies and procedures, the Louisiana Constitution, and the Fire Protection Agreement.
- improve its internal controls over (1) cash; (2) operating expenditures and budgeting; (3) payroll; (4) fuel expenditures; and (5) vehicles.

The JPOIG recommended that the OFS should also:

- develop a policy that requires all VFCs to submit an annual inventory count;
- request and review the inventory counts annually; and
- follow-up with the Fire Chief to resolve any inventory discrepancies.

On 10/17/2023, the JPOIG issued a Confidential Draft Report to the Office of Fire Services Director Don Robertson with a copy to Parish President Cynthia Lee-Sheng. The JPOIG received a response from the Parish President dated 12/01/2023. The Parish President disagreed with Finding #1, but she did not specifically agree or disagree with Findings #2 - #6. As such, we have treated the response as "Disagreed" for all findings.

On 12/05/2023, the JPOIG issued a Confidential Draft Report to the MH VFC Chief Stephen Guidroz and Board President Tim Gautreau Jr. The JPOIG received a response dated 01/03/2024. The MH VFC did not specifically agree or disagree with our findings. However, MH VFC acknowledged Findings #2 - #6 as requiring action. Responses to these findings will be treated as “Agreed,” and all others will be treated as “Disagreed.”

Timely received responses are attached to the report.

## BACKGROUND

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### Acronyms

District 8	Jefferson Parish Fire Protection District No. 8	OFS	Office of Fire Services
JPOIG	Jefferson Parish Office of Inspector General	Parish	Jefferson Parish
MH VFC	Marrero Harvey Volunteer Fire Company	VFC	Volunteer Fire Company

### 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 Office of Fire Services (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.<sup>1</sup> The Marrero-Harvey Volunteer Fire Company (MH VFC) is a non-profit located within Jefferson Parish's Fire Protection District No. 8 (District 8) which is located on the West Bank. District No. 8 generates approximately \$7.8 million a year for fire prevention and suppression services.<sup>2</sup>

On 03/06/2018, Jefferson Parish entered into a 10-year Fire Protection Agreement with the MH VFC to provide fire prevention and suppression services. Under the terms of the Fire Protection Agreement, the Parish made monthly transfers of approximately \$200,000 (\$2,400,000 annually) to MH VFC. As of 12/31/2021, MH VFC incurred \$1,619,215 in payroll expenses and \$1,199,433 in non-payroll expenses. The MH VFC also had \$5,578,781 in total net assets.<sup>3</sup>

The MH VFC operates three fire stations: Station 80 located in Marrero, Station 81 located in Harvey (Headquarters), and Station 82 located in Harvey.

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<sup>1</sup> JPCO § 2-213(2).

<sup>2</sup> Jefferson Parish 2022, Annual Budget, Fire District No. 8, p. 216.

<sup>3</sup> Marrero-Harvey's Volunteer Fire Company No. 1, Financial Report as audited by Duplantier, Hrapmann, Hogan, & Maher, LLP. As of December 31, 2021.

## I - PROHIBITED EXPENDITURES

MH VFC created a “Length of Service Awards Program” that allowed full-time employees to receive additional annual compensation based on their longevity of service. As shown in Table 1, the award amount ranged from \$300 to \$2,250 depending upon years of service. For the year ended 12/31/2021, the total amount paid to employees was \$21,200. MH 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	\$300
2 – 40	\$300 + (\$50/year of service beyond the first) <sup>4</sup>

The JPOIG reviewed the MH VFC’s policies and procedures and noted the “Length of Service Awards Program.” To determine the entire amount paid, the JPOIG reviewed supporting documentation for all longevity payments made to employees during the scope period.



**Finding #1:** The MH VFC may have violated the Louisiana Constitution and the Fire Protection Agreement because it spent \$21,200 in public funds on a length of service award program for its 22 full-time employees.

### Criteria:

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

...the 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.<sup>5</sup>

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 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.<sup>6</sup>

<sup>4</sup> Up to forty years of service for a total of \$2,250.

<sup>5</sup> La. Const. art. VII, §14(A).

<sup>6</sup> La. Atty. Gen. Op. No. 09-0018.

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.<sup>7,8</sup>

By signing the Fire Protection Agreement, the MH VFC acknowledged and agreed to utilize its funding:

*solely* [emphasis added] for the following purposes: (i) to acquire and maintain, trucks, apparatus and other movable equipment... (ii) to purchase insurance policies... (iii) to hire, train, compensate and equip firefighters, operators and officers... (iv) to recruit, train, equip and retain volunteer firefighters... (v) to purchase, construct and maintain immovable property to serve as fire stations, administrative offices, maintenance facilities and warehouses... (vi) to provide for health and physical fitness expenses... (vii) to purchase a plaque, trophy, certificate, medal or similar memento to acknowledge outstanding achievement or valiant act of personnel in an amount not to exceed the value set forth in La. R.S. 40:1510; and (viii) 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....<sup>9,10</sup>

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<sup>7</sup> 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.

<sup>8</sup> La. Atty. Gen. Op. No. 09-0260.

<sup>9</sup> Fire Protection Agreement between District No. 8 of the Parish of Jefferson, State of Louisiana and Marrero-Harvey Volunteer Fire Company No. 1. Article IV, Payment, p. 9 & 10, paragraphs i-viii, dated 03/06/2018.

<sup>10</sup> 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."

However, the Fire Protection Agreement prohibits “awards or gifts; except as otherwise provided herein.”<sup>11</sup> 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:**

The MH VFC could have used those funds to purchase goods or services related to a public purpose.

**Cause:**

The Fire Chief and administrative staff were aware of the restriction on public funds but disagreed with the law. Per discussion with the Fire Chief, the purpose of the length of service award is given to help compensate for low salaries, increase retention, and show appreciation to firefighters. The Fire Chief believed it was legal to provide length of service awards despite acknowledging that he disagreed with the law. Although the MH 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 MH 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.

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<sup>11</sup> Fire Protection Agreement between District No. 8 of the Parish of Jefferson, State of Louisiana and Marrero-Harvey Volunteer Fire Company No. 1. Article IV, Payment, p.10, paragraph iii, dated 03/06/2018.



## II – PAYROLL

### Timecard Approvals

The standard pay period for the MH VFC was based on a 24-hour work shift (8:00 am – 8:00 am) and a 14-day pay period. The MH VFC’s defined work period for purposes of calculating overtime was twenty-eight days. The Fire Chief determined scheduled days off in advance to ensure station coverage. The MH VFC required employees to request unscheduled leave from the Fire Chief at least five days in advance.

The MH VFC utilized a software program for their timecards. The MH VFC set up each employee’s work schedule into the program. After each pay period, the Captain printed out each employee’s timecard for the employee to sign. Once it’s signed, the Captain reviewed the timecard and approved it. The timecard is then scanned and saved as a digital file with the employee’s written signature. The Captain then sent his timecard to the Fire Chief for review and approval, and the Fire Chief sent his timecard to the Board President for review and approval.

When the MH VFC processed payroll in 2021, the fire company utilized a third-party accountant for payroll processing. The Fire Chief compiled the number of hours each employee worked during a pay period on a document. Then, he forwarded this document which had each employee's name, amount, and type of hours for which they worked in that specific pay period to the third-party accountant. The third-party accountant processed the payroll for the given pay period, processed the direct deposit payments, and provided the department with a payroll report along with direct deposit stubs. Also, the report included the amount of taxes owed. The Fire Chief received all documents from the third-party accountant, distributed the direct deposit stubs, reviewed the payroll report, and forwarded it to the MH VFC’s account payable clerk. The accounts payable clerk used the report to process the payment of the owed taxes and produced a check from the operations account to be deposited into the payroll account to cover the total direct deposited amount.



**Finding #2: The MH VFC neither designed nor implemented proper internal controls through policies and procedures for timecards and payroll because employees were paid incorrectly.**

Auditors judgementally sampled a different set of five employees’ bi-weekly timecards from pay periods in March, July, and September of 2021. In addition, the Fire Chief’s timecards were included in each sample. The sample tested consisted of 16 employees and 54 bi-weekly timecards and their corresponding bi-weekly payroll submissions. The JPOIG noted:

- One employee’s timecard recorded 74 hours worked and 24 hours of annual leave, which should have resulted in being paid for 96 hours. However, the employee’s check stub had him being paid for 104 hours. The 8 extra hours paid, which were not considered overtime hours, totaled \$192.<sup>12</sup>

<sup>12</sup> The Fire Chief provided additional documentation supporting that the employee had worked the additional eight hours; however, the firefighter did not put the information on his timecard.

- None of the 16 firefighters' overtime supplemental pay was calculated correctly because the MHVFC used the **incorrect rate** when calculating the amount of overtime to be paid. This resulted in firefighters being underpaid a total amount of \$902.

### **Criteria:**

The Louisiana Legislative Auditor recommends that:

Written policies and procedures over payroll/personnel should include **hiring processes, personnel files, time and attendance, overtime and leave, payroll processing, performance appraisals, and discrimination/harassment...** [emphasis in original] Further, the AG has noted that payment for work that is not performed is a prohibited donation of public funds under Article VII, Section 14 of the Louisiana Constitution and may constitute public payroll fraud under Louisiana Revised Statute 14:138 (AG Opinion 86-652). Therefore, there should be some form of documentation and adequate supervision to ensure that the salaried employee is working the scheduled hours upon which their salary is based.<sup>13</sup>

The Louisiana Revised Statute 40:1666.3(D) states:

The additional compensation paid by the state to municipal or parish fire department employees as provided by this Part shall be included in the calculation and computation of the total wages paid to the employee in the determination of employer contributions to any retirement system or pension fund of which such employee may be a member as well as in the determination of retirement eligibility and benefits which may accrue to the employee under any retirement system or pension fund, **as well as in the determination of any other employee benefits**, [emphasis added] sick leave, or disability pay to which the employee might be entitled.

### **Why This Finding Matters:**

The lack of properly designed internal controls could result in firefighters being underpaid or being paid for work that was not performed.

### **Cause:**

The Fire Chief was aware that the firefighter was at training for the additional eight hours, but he did not require the firefighter to update his timecard. The MH VFC calculated supplemental pay in accordance with their attorney's advice. However, the attorney provided the incorrect rate.

### **Recommendation:**

The Fire Chief should ensure that the timecard accurately reflects all hours worked and request the employee update his timecard instead of just approving the payroll amount. The MH VFC should verify all payroll rates prior to calculating payroll. Furthermore, the MH VFC should correct their overtime rate calculation so that employees are paid accurately.

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<sup>13</sup> Louisiana Legislative Auditor Best Practices. *Payroll/Personnel*, Issued October 2018.



Positive Finding #1: The MH VFC timecards were all reviewed and approved by the Captain and Fire Chief. Also, the Fire Chief's timecards were all reviewed and approved by the Board President.

**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.<sup>14</sup>

**Firefighter Overtime Hours**

The Fire Chief assigned each firefighter to work a rotating work schedule and grouped firefighters into one of three separate shifts: A, B, or C. All MH VFC firefighting employees worked an overlapping work schedule over a 15-day period. The 15-day period comprised of employees working 24 hours on duty and 48 hours off duty.

The MH VFC paid its employees on a bi-weekly basis, over a total of twenty-six pay periods per year. Each employee had a 28-day work period for the purpose of calculating overtime.



Positive Finding #2: The MH VFC complied with the Code of Federal Regulations and Louisiana state law because it calculated the number of overtime hours properly.<sup>15</sup>

The JPOIG judgmentally selected 16 firefighters, recalculated hours worked and determined the overtime hours based on a 28-day, 212-hour work period as described above. The Code of Federal Regulations established the number of hours a firefighter was required to work before earning overtime.

**Criteria:**

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

<sup>14</sup> Louisiana Legislative Auditor Best Practices. *Payroll/Personnel*, Issued October 2018.

<sup>15</sup> As noted in Finding #2, the MHVFC used the **incorrect rate** when calculating the amount of overtime to be paid. However, this positive finding pertains to the mathematical calculation of the number of overtime hours worked for which an employee was paid.

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.”<sup>16</sup>

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<sup>16</sup> La. R.S. 33:1944.

## III – EXPENDITURES

### Expenditure Approvals

On 11/09/2020, the MH VFC Board approved a 2021 proposed budget for expenditures. The proposed budget provided "total" amounts for its expenditure categories, but it did not provide the breakdown of the "total" into the subcategories.

When the MH VFC receives an invoice in the mail, the Fire Chief looks over the invoice and checks the bill to make sure the amount being charged is within reason. If it is within reason, the invoice is then sent to the Accounts Payable Clerk who writes a check which is then sent to the President, Vice President, and Treasurer for signatures. Each check requires two of those three board positions to sign the check. Once the check is signed, the Fire Chief mails the check. Then at the monthly board meeting, the Treasurer reads all of the expenditures for the Board to review and its approval is entered into the minutes.

However, some bills don't require the Fire Chief's approval for payment. These bills are "regular bills" such as utility and fuel bills. Further, expenses less than \$1,500 do not require the Fire Chief's approval. Those over \$1,500 do require his approval. When he approves the expenditure, he signs his initials on the invoice.

The following individuals were authorized to sign the checks:

- Board President – Brandon Davis (Ended on 07/05/2021);
- Board President – Timothy Gautreau Jr. (Began on 08/02/2021);
- Board Vice President - Timothy Gautreau Jr. (Ended on 08/02/2021);
- Board Vice President – Jay Dugas (Began on 08/02/2021);
- Treasurer – Jay Dugas (Ended on 08/02/2021); and
- Treasurer – Juan Recinos (Began on 08/02/2021).



**Finding #3: The MH VFC did not prepare a budget with adequate information, and it did not design proper approval internal controls because not all expenditures contained evidence of written approval prior to purchase and after purchase.**

The JPOIG judgmentally selected 41 expenditures totaling \$214,547, and reviewed the supporting documentation to determine if the expenditures were an allowable use of restricted millage funds. Of the 41 expenditures tested, the JPOIG noted that:

1. 34 expenditures (83 percent) totaling \$160,193, did not have documented review and approval on the invoices prior to purchase.
2. 39 expenditures (95 percent), totaling \$196,701, did not contain a documented signature on the invoice indicating board approval after the purchase.

The JPOIG reviewed board minutes and inspected the approved budget. The JPOIG noted that on 11/09/2020, the MH VFC Board approved a 2021 proposed expenditure budget. Overall, the budget did not contain the information suggested by the Louisiana Legislative Auditor. For example, the \$2.8 million budget contained high-level categories (e.g., vehicle maintenance), but

the detailed line-items were by vendor. The line-items did not contain a description of the character of what goods and/or services would be provided by each vendor. The budget contained information for 2019 4<sup>th</sup> quarter and 2020 3<sup>rd</sup> quarter. It did not contain complete information for 2019 or 2020, and the detailed line-item budgeted amounts were blank for 2021.

**Criteria:**

The Louisiana Legislative Auditor recommends that management require appropriate checks and balances for good controls over purchasing and disbursements. More than one individual should be involved in the purchasing and disbursement functions. Management should “centralize the purchasing function” and “implement controls to ensure that purchases are (1) reasonable and necessary; (2) budgeted; (3) documented and approved; (4) received and safeguarded; and (5) used solely for the public purposes/functions of the municipality.”<sup>17</sup>

Additionally, the Louisiana Legislative Auditor recommends that management:

implement a purchase order system that requires certain documentation to be generated before a purchase can be made and before a disbursement is made. Documentation is to include the following:

- Purchase order – The purchase order form must clearly describe the item(s) and quantities to be purchased, be signed by the person/department making the request and be approved in writing by a designated municipal official. The clerk is to verify that adequate funds are budgeted and available....
- Receiving report – documentation/evidence that the items (e.g., supplies, materials) were actually received by the municipality (signed by the employee receiving items).
- Invoice – documentation/evidence from the vendor of the services or materials provided to the municipality.
- Approval – verification by both the clerk and mayor (e.g., initials and date) that documentation is present to support the payment and the amount owed is correct. The invoice must be attached with the purchase order and receiving report and be provided to the mayor for review/approval before the disbursement is made.<sup>18</sup>

The Louisiana Legislative Auditor recommends that management’s budget should include:

a clearly presented side-by-side detailed comparison of information for the current year, including:

- Fund balances at the beginning of the year;
- Year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year;
- Estimated and actual revenues itemized by source;

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<sup>17</sup> Louisiana Legislative Auditor Best Practices. *Purchasing and Disbursements*, Issued October 10, 2014.

<sup>18</sup> Louisiana Legislative Auditor Best Practices. *Purchasing and Disbursements*, Issued October 10, 2014.

- Year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character;
- Other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year;
- Year-to-date actual and estimated fund balances as of the end of the fiscal year; and
- The percentage change for each item of information as required by state law.<sup>19</sup>

**Why This Finding Matters:**

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

**Cause:**

The MH VFC’s policies and procedures did not require a supervisory documented review and approval for all expenditures before and after purchase. The budgeting policy did not require Board members to include the information suggested by the Louisiana Legislative Auditor.

**Recommendation:**

The MH VFC should revise their policies to require that purchases be approved and documented prior to procurement and records are retained. If the Board chooses to preauthorize some expenditures via a budget, it should include the information suggested by the Louisiana Legislative Auditor. For example, the approved budget should contain expenditures itemized by function and character, not vendor. The Board should attach the budget to its approved minutes for the official record. The Board should also prepare year-to-date actual reports. If an expenditure is greater than the approved budgeted amount, the Board should consider the expense and determine if it is appropriate to authorize an increase in the budgeted amount. The Board’s monthly review of documents regarding expenditures should also include that all approvals needed prior to purchase are part of the documents reviewed. If any prior approvals are missing, then the Board should follow-up, document, and resolve the discrepancy before initialing the invoice. After reviewing the documents, the approved documents should be attached to the board minutes or have some type of documented approval.

**Allowability of Expenditures**

The JPOIG judgmentally sampled 6 deposits totaling \$1,840 and 41 expenditures totaling \$214,547, and reviewed the supporting documentation to determine if the expenditures were an allowable use of restricted millage funds.



**Positive Finding #3:** All 41 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.

<sup>19</sup> Louisiana Legislative Auditor Best Practices. *Budgeting*, Issued October 2018.

**Criteria:**

According to the Fire Protection Agreement, the MH 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.<sup>20</sup>

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<sup>20</sup> Fire Protection Agreement between District No. 8 of the Parish of Jefferson, State of Louisiana and Marrero-Harvey Volunteer Fire Company No. 1. Article IV, Payment, p.10, dated 03/06/2018.



## IV – VEHICLES

### Vehicle Titles

The MH VFC maintained a fleet of thirteen fire vehicles as shown in Table 3. These vehicles varied from large fire suppression/heavy rescue vehicles to boats and pick-up trucks. The Fire Chief's take home vehicle was the 2015 Chevrolet Tahoe.

*Table 3: MH VFC Vehicle Inventory*

Item No.	Vehicle Year	Description	Cost
1	2015	Chevrolet Tahoe	\$31,261
2	2022	Chevrolet Pickup Truck	\$43,814
3	2018	PIRC Fire Truck	\$1,105,195
4	2019	Chevrolet Pickup Truck	\$48,610
5	1998	SPTN Fire Truck	\$525,000
6	2011	PIER Fire Truck	\$593,112
7	2013	Pierce Squad Truck	\$657,133
8	2004	SPTN Fire Truck	\$360,000
9	2021	PIRC Fire Truck	\$847,296
10	2016	Chevrolet Pickup Truck	\$47,627
11	2000	International Fuel Truck	\$82,900
12	2014	KFM Utility Trailer	\$68,733
13	2007	SROT Boat	\$24,066
<b>Total</b>			<b>\$4,434,750</b>



**Finding #4:** The MH 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 8's name.

The JPOIG inspected all vehicle titles and noted that ten of the thirteen vehicles were titled to the MH VFC instead of District 8. The ten vehicles cost a total of \$3,160,437. Furthermore, the MH VFC had not submitted their 2021 fixed assets inventory list to the Parish as required by the Fire Protection Agreement.

### **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.<sup>21</sup>

<sup>21</sup> Fire Protection Agreement between District No. 8 of the Parish of Jefferson, State of Louisiana and Marrero-Harvey Volunteer Fire Company No. 1. Article I, Obligations of the Company, Section 3, paragraph h, p.5, dated 03/06/2018.

The Fire Protection Agreement also required that:

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.<sup>22</sup>

### **Why This Finding Matters:**

The OFS may not know if assets were missing or misappropriated. District 8 does not own vehicles worth \$3,160,437, and it can neither sell nor transfer them.

### **Cause:**

The MH VFC Fire Chief was not aware that the requirement to in the Fire Protection Agreement to title all vehicles to District 8. Furthermore, the OFS did not have a process to request or collect uniform vehicle inventory reports from all volunteer fire companies.<sup>23</sup>

### **Recommendation:**

The MH VFC should develop a policy that requires the Fire Chief to submit its vehicle listing to OFS annually. The Fire Chief should review the Fire Protection Agreement to ensure he is aware of all requirements. The MH VFC should also transfer the title of all vehicles to District 8.

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.

### **Vehicle Listings**

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



**Positive Finding #4:** The MH VFC complied with the Fire Protection Agreement because it maintained an accurate inventory of all vehicles held at the fire station.

### **Criteria:**

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.<sup>24</sup>

<sup>22</sup> Fire Protection Agreement between District No. 8 of the Parish of Jefferson, State of Louisiana and Marrero-Harvey Volunteer Fire Company No. 1. Article I, Obligations of the Company, Section 3, paragraph d, p.4, dated 03/06/2018.

<sup>23</sup> 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.

<sup>24</sup> Fire Protection Agreement between District No. 8 of the Parish of Jefferson, State of Louisiana and Marrero-Harvey Volunteer Fire Company No. 1. Article I, Obligations of the Company, Section 3, paragraph h, p.5, dated 03/06/2018.

## V – FUEL PURCHASES

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The MH VFC has four fuel cards. The fuel cards work in a network of gas stations that partner with Retif Oil and Fuel Company. The four fuel cards are separately assigned to the 2000 International Fuel Truck, 2015 Chevrolet Tahoe, 2016 Chevrolet Pickup Truck, and a 2019 Chevrolet Pickup Truck.

### Fuel Storage Tank Purchases/Disbursements

The 2000 International Fuel Truck is a large truck with a fuel storage tank mounted on the back of the truck. The fuel storage tank can hold up to 200 gallons of diesel fuel. Approximately every week, the fuel storage tank is filled up at a participating gas station then driven around to fill up fire engine trucks. The MH VFC maintained a fuel log for the fuel storage tank. When an employee fills the fuel storage tank, they record their name, date, and the number of gallons dispensed from the fuel pump. After the fuel storage tank is filled, a firefighter drives the 2000 International Fuel Truck to its three fire stations so that they can fill a variety of fire trucks with fuel. A counter keeps track of the number of gallons of fuel pumped. Each time an employee fills a fire truck with the fuel in the storage tank, the employee completes a fuel log which contains the following:

- date fuel was dispensed from the tank,
- the person taking the fuel out of the tank,
- the gallons of fuel dispensed, and
- the truck or piece of equipment receiving fuel.

The JPOIG reviewed the Retif Oil & Fuel reports and the MH VFC's 2021 fuel storage tank logs. The JPOIG noted that the storage fuel tank logs did not contain the odometer readings for any vehicles that received fuel from the fuel storage tank. As a result, the JPOIG cannot determine if the fuel pumped from the storage tank went into the fire trucks or was a reasonable refill given the miles driven.

### Fuel Card Purchases

Each of the four 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. When the fuel company submits their bi-monthly fuel report/invoice to the Fire Chief, he reviews the report and reconciles it with the fuel logs from the fuel truck. The Retif Oil & Fuel reports showed the fuel card assigned for fuel tank purchases, the amount of gas pumped, an odometer reading entered by the employee pumping gas, and the total amount charged for each transaction.

The JPOIG tested 100 percent of all 162 fuel transactions during the scope period, totaling \$18,611. Of the 162 fuel transactions, 68 pertained to the storage tanks, 89 pertained to the pick-up trucks, and 5 pertained to gas cans/boats. The JPOIG reviewed documentation and noted it was sufficient for tracing the volume of fuel purchased and the employee who pumped the fuel for the 89 transactions pertaining to pick-up trucks. Furthermore, management reviewed and approved each report. However, of the 89 fuel transactions, the JPOIG noted four transactions (4.5 percent) in

which an employee did not put an accurate odometer reading into the fuel pump system. The fuel costs for these transactions totaled \$361.



**Finding #5:** The MH VFC did not design nor implement proper internal controls over fuel transactions because the MH VFC did not consistently record odometer readings in the fuel pump systems or when they filled up vehicles from the storage tank.

The JPOIG inquired of the MH VFC to determine if it had any documentation of instances where disciplinary action was taken against an employee for not following the procedures correctly for buying fuel. The MH VFC stated that it did not have any disciplinary actions taken regarding fuel in 2021.

### **Criteria:**

The Louisiana Legislative Auditor recommends for gasoline and diesel credit cards 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.<sup>25</sup>

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.... For each fuel tank, a *Fuel Tank Log* is to be completed and maintained that documents monthly activity. At a minimum, the log should contain:

- A. Beginning inventory (measured number of gallons in tank at beginning of period)
- B. Purchases (number of gallons received in the tank during the period)
- C. Usage (number of gallons dispensed during the period per meter readings)
- D. Calculated ending inventory (= A + B – C)
- E. Actual ending inventory (measured number of gallons in tank at end of period)
- F. Difference, if any (= E – D) [Note: MUST BE INVESTIGATED AND RESOLVED].<sup>26</sup>

### **Why This Finding Matters:**

Firefighters could dispense fuel for personal or unauthorized purposes.

<sup>25</sup> Louisiana Legislative Auditor Best Practices. *Controls over Gasoline/Diesel*, Issued September 6, 2005.

<sup>26</sup> Louisiana Legislative Auditor Best Practices. *Fuel Policy and Procedures*, Issued October 10, 2014.

**Cause:**

The MH VFC's storage tank fuel log lacks information suggested by the Louisiana Legislative Auditor to accurately track fuel purchases and usage in the tank. The Fire Chief did not review the fuel log to determine if there were "invalid odometer exceptions."

**Recommendation:**

The MH 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. In addition, each storage fuel tank should have a Fuel Tank Log with the information suggested by the Louisiana Legislative Auditor. The Fire Chief should review all odometer entries in the Retif Oil & Fuel reports for sequential inconsistencies. If he identifies exceptions, he should follow-up to ensure all "invalid odometer exceptions" are documented and resolved promptly.

## VI – CASH

The MH VFC maintained seven bank accounts. Six accounts were funded with fire millage (public) money, and one bank account was funded with private donations. The purpose and source of funds for each account is listed in Table 4 below.

The MH VFC did not have a policy addressing the procedures for preparing and approving bank reconciliations. However, the Accounts Payable Clerk was tasked with preparing, reviewing, and reconciling the bank account statements. After doing so, she initialed the bank statements and sent them to the Treasurer for review and approval.

*Table 4: MH VFC Bank Accounts*

Account	Funding Source	Purpose	12/31/2021 Balance
Operating	JP Fire Dist. Millage	Operating Expenses	\$778,048
Payroll		Payroll Expenses	\$70,617
Special Project		Large Project Expenses	\$2,265,408
Savings		Supplement Operational or Special Project Expenses	\$124,651
Passbook			\$79,751
Savings Business			\$102,973
Checking	Private Funds	Private Purpose Expenses	\$14,857
<b>Total</b>			<b>\$3,436,305</b>

The MH VFC had a policy addressing cash receipts for deposits. The policy stated that after opening the mail or receiving the cash/check/money order in-person, the Fire Chief and President fill out an entry in the Cash Receipts Log and then the Administrative Assistant records the transaction into QuickBooks.



**Finding #6:** The MH VFC did not complete its Cash Receipts Log to record deposits in accordance with its policy.

The JPOIG sampled six deposits in their operating account totaling \$1,840. The six deposits were not recorded in a Cash Receipts Log by the President or Treasurer as required by their policy.

**Criteria:**

The MH VFC’s Cash Receipts Procedure required the Fire Chief and President to “fill out [the] Cash Receipts Log.”<sup>27</sup>

**Why This Finding Matters:**

Firefighters could misappropriate public funds by not recording cash received.

<sup>27</sup> Marrero-Harvey Volunteer Fire Company #1, *Cash Receipts Procedure*. Adopted by Board on 08/01/2018.

**Cause:**

The Cash Receipts Log was not being filled out because the practice of doing so had stopped before the Fire Chief and Board started their positions. The Fire Chief and Board did not review the policy, and therefore, they did not know they were supposed to complete the log.

**Recommendation:**

The MH VFC employees should develop a thorough understanding of their Cash Receipts Procedure and ensure that all employees fill out the Cash Receipts Log as required by their policy.



**Positive Finding #5:** The MH 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 to determine if the MH VFC validated all cash balances and if the accounts were properly reconciled and approved by a board member. For all public fund accounts besides the Fifth District Passbook Account, the MH VFC properly prepared bank reconciliations and those bank reconciliations were reviewed and approved by someone other than the preparer. Balances were properly reconciled. Regarding the Passbook Account, the bank didn't send monthly bank statements in the mail to reconcile. Instead, the bank has strict controls over the account's transactions and recording balances into the Passbook. To make any transaction, someone whose name is on the account must take the actual "passbook" into the bank and then the transaction and resulting balance is printed by the bank into the passbook. As a result, no reconciliation was needed.

**Criteria:**

The Louisiana Legislative Auditor recommends that:

[t]he entity should appoint a bank reconciliation “preparer” who is not involved in processing cash receipts or disbursements, including recording these transactions in the accounting records.... As part of the reconciliation, the preparer should 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.... Once the reconciliation is prepared, the preparer should sign/initial and date (or electronically log completion).... Once the reconciliation is reviewed, the reviewer should sign/initial and date (or electronically log completion).<sup>28</sup>

<sup>28</sup> Louisiana Legislative Auditor Best Practices, *Bank Reconciliations*. Issued October 2018.

## VII – FIRE PROTECTION AGREEMENT GENERAL COMPLIANCE

The JPOIG reviewed the MH 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.<sup>29</sup> The JPOIG noted a 2021 Pierce Fire Truck purchased in 2021. This purchase is one that required the fire company to give notification to the Director of Office of Fire Services before doing so. The MH VFC submitted emails showing notification was given to the Office of Fire Services’ director before the vehicle was purchased.

The JPOIG inspected the MH VFC’s insurance policies to determine if the MH VFC maintained the required insurance coverage. The JPOIG noted no exceptions. The JPOIG also inquired of Parish officials as to whether the MH VFC submitted the required documentation during the audit scope period to the appropriate department directors. Parish officials confirmed that the MH VFC submitted the (1) itemized annual budget for operations and capital expenditures; (2) budget-to-actual report for the prior calendar year; (3) quarterly financial reports concerning the expenditures of funds received; (4) annual audited financial statement showing the disbursement of all public funds received for the previous year; (5) certificates of completion issued by the Louisiana Board of Ethics; and (6) roster of all members that are legally required to undergo the ethics training program.



**Positive Finding #6:** The MH VFC complied with the Fire Protection Agreement because it maintained required insurance coverage and submitted the required reports to the Parish.

### Criteria:

For insurance, the Fire Protection Agreement required the MH 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

<sup>29</sup> The Fire Protection Agreement required MH 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.



6. Occurrence-based professional liability insurance with limits of \$1,000,000 per occurrence and \$2,000,000 aggregate.<sup>30</sup>

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

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 [the fire] 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.<sup>31</sup>

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<sup>30</sup> Fire Protection Agreement between District No. 8 of the Parish of Jefferson, State of Louisiana and Marrero-Harvey Volunteer Fire Company No. 1. Article I, Obligations of the Company, Section 4, paragraphs a-f, p. 5 & 6, dated 03/06/2018.

<sup>31</sup> Fire Protection Agreement between District No. 8 of the Parish of Jefferson, State of Louisiana and Marrero-Harvey Volunteer Fire Company No. 1. Article III, Reports and Records, p. 8, paragraphs A/B/D/E, dated 03/06/2018.

## OBJECTIVES, SCOPE, & METHODOLOGY

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### Objectives, Scope, & Methodology

The purpose of the audit was to: (1) determine if internal controls were designed properly and operating effectively; (2) ensure that funds were spent in accordance with governing laws and the fire district millage restrictions; (3) assess MH VFC's compliance with the Fire Protection Agreement, dated 03/06/2018. 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 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 assess for compliance with contracts, laws, and regulations.
5. Performed a physical inventory of MH 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.<sup>32</sup>

### 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 March 06, 2018.

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<sup>32</sup> 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

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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.<sup>33</sup>

On 10/17/2023, 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 12/01/2023.

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.<sup>34</sup>

On 12/05/2023, 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 01/03/2024.

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

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<sup>33</sup> JPCO §2-155.10 (9)(b).

<sup>34</sup> JPCO §2-155.10 (9)(c).



# JEFFERSON PARISH

## OFFICE OF THE PRESIDENT

CYNTHIA LEE SHENG  
PARISH PRESIDENT

December 1, 2023

**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 - Audit Report 2022-0029 Marrero-Harvey VFC

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 Marrero-Harvey VFC (“Marrero-Harvey”), including the Office of Fire Services (“OFS”) to discuss your audit. Your 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 Marrero-Harvey.

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

**Finding No. 1: The MH VFC may have violated the Louisiana Constitution and the Fire Protection Agreement because it spent \$21,200 in public funds on a length of service award program for its 22 full-time employees.**

The Marrero-Harvey 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.

**Finding No. 2: The MH VFC neither designed nor implemented proper internal controls through policies and procedures for timecards and payroll because employees were paid incorrectly.**

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 Marrero-Harvey, however, ultimately the officers and management are responsible for the day-to-day operations of Marrero-Harvey who are in turn accountable to its Board of Directors. (OFS will review Marrero-Harvey’s response to this audit, if any, and provide guidance with respect to this finding and recommendation to revise the existing policy to include Board approval where appropriate.)

**Finding No. 3: The MH VFC did not prepare a budget with adequate information, and it did not design proper approval internal controls because not all expenditures contained evidence of written approval prior to purchase and after 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 Marrero-Harvey, however, ultimately the officers and management are responsible for the day-to-day operations of Marrero-Harvey who are in turn accountable to its Board of Directors. (OFS will review Marrero-Harvey’s response to this audit, if any, and provide guidance with respect to this finding and recommendation including policy revisions permitting prior approval for purchases to supplement the Board approval after purchase.)

**Finding No. 4: The MH 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 8’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 Marrero-Harvey to regularly review all contractually required reports to ensure compliance with the CEA including proper titling of all vehicles.

**Finding No. 5: The MH VFC did not design nor implement proper internal controls over fuel transactions because the MH VFC did not consistently record odometer readings in the fuel pump systems or when they filled up vehicles from the storage tank.**

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 Marrero-Harvey, however, ultimately the officers and management are responsible for the day-to-day operations of Marrero-Harvey who are in turn accountable to its Board of Directors. (OFS will review Marrero-Harvey’s response to this audit, if any, and provide guidance with respect to this finding and recommendation including revision of its’ existing policy to include storage tanks and revise all policies in accordance with the recommendations from the Louisiana Legislative Auditor.).

**Finding No. 6: The MH VFC did not complete its Cash Receipts Log to record deposits in accordance with its policy.**

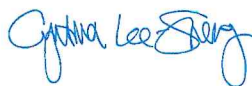
In accordance with Code of Ordinances Sections 2-211 *et seq.* – and within the constraints set forth in the CEA – OFS oversees and provides guidance to Marrero-Harvey, however, ultimately the officers and management are responsible for the day-to-day operations of Marrero-Harvey who are in turn accountable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

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. Cherreen Gegenheimer, 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  
Chief Don Robertson, Fire Services

# *Marrero Harvey Vol. Fire Co. # 1*

**808 MacArthur Ave. Harvey, LA 70058 (504) 349-5181**

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January 3, 2024

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

Ms. Chatelain:

The Marrero Harvey respectfully submits this response to the referenced JPOIG Marrero-Harvey VFC Draft Audit Report.

**Finding No. 1: The MH VFC may have violated the Louisiana Constitution and the Fire Protection Agreement because it spent \$21,200 in public funds on a length of service award program for its 22 full-time employees.**

The Marrero Harvey Vol Fire Co #1 length of service award program is based upon the Jefferson Parish Tenure Award program which is provided to all employees of Jefferson Parish. This program is also similar to other tenure incentive programs provided to other public employees throughout the area. The length of service award program is a vital tool for recruitment and retention of our firefighters!

In addition, LSA R.S. 40:1510 (3) specifically authorizes a volunteer fire department to expend public funds in connection with a length of service awards program:

A. Notwithstanding any provision of law to the contrary, a fire protection district, municipal fire department, or volunteer fire department may expend public funds in connection with the following activities:

(3) The implementation and execution of a length of service awards program. For the purposes of this Paragraph, a length of service awards program shall mean a program established by the fire protection district, municipal fire department, or volunteer fire department that provides a monetary benefit, based upon service, to eligible volunteer firefighters as determined by the fire protection district, municipal fire department, or 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.

The Marrero Harvey Vol. Fire Co # 1 believes its program complies with the limitations of Section (3) but will examine its policy and consult with counsel to make revisions as necessary. The Marrero Harvey Vol. Fire Co. #1 invites OFS to suggest model language to comply with Louisiana Constitution and state statutes.

**Finding No. 2: The MH VFC neither designed no implemented proper internal controls through policies and procedures for timecards and payroll because employees were paid incorrectly.**

We acknowledge the clerical error on one time card. We did submit additional documentation (overtime sheet, training roster, and training certificate) for the employee that showed the additional hours that were paid to the employee were earned. The department will revisit its pay policy and ensure that discrepancies in timecard and payroll amounts are corrected before payroll is processed. We will also convene with our attorney



# *Marrero Harvey Vol. Fire Co. # 1*

**808 MacArthur Ave. Harvey, LA 70058 (504) 349-5181**

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and certified public accountant to review the method of calculating overtime. We will also review the most recent Legislative audit to determine whether any revision is needed to the rate calculation.

The Marrero Harvey Vol. Fire Co. #1 invites OFS to suggest model language to correct and implement the appropriate overtime rate calculation.

**Finding No. 3: The MH VFC did not prepare a budget with adequate information, and it did not design proper approval internal controls because not all expenditures contained evidence of written approval prior to purchase and after purchase.**

Currently all expenditures require a check with two signatures from two separate approved Board of Directors members. Before the check is signed, the Board Member reviews the expender. If there is a question or concern with the expender that check is not signed and it is reviewed at the monthly board meeting. At the board meeting a treasurer report is presented which included a detailed profit and loss report which contained all expenditures for the month. Moving forward we will develop and implement a purchase order system and update the purchase policy. We will begin including a physical copy of the expenditure report that was reviewed and approved with the monthly board meeting minutes. We will convene with our certified public accountant to update our budget comparison and policy.

**Finding No. 4: The MH 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 8's name.**

We acknowledge that 10 vehicles are not titled to the Eighth Fire District. In August 2019 the Office of Fire Service sent out an inventory sheet for all fire departments to fill out and return. The Marrero Harvey Fire Department submitted the required information requested from the Office of Fire Services and returned the inventory on August 15, 2019. This inventory sheet also listed all vehicles including the name in which title was held. On May 22, 2023 a list of all vehicle and copies of all titles were sent to Jefferson Parish Fire Service to begin the process of re- titling the vehicles. We have experienced some delays due to changes in personnel within the Fire Service and would appreciate an updated directory of personnel and their duties.

**Finding No. 5: The MH VFC did not design nor implement proper internal controls over fuel transactions because the MH VFC did not consistently record odometer readings in the fuel pump system or when they filled up vehicles from the storage tank.**

The Marrero Harvey Fire Department utilizes a "fuel truck" to disperse fuel to the larger apparatus to reduce the wear and tear on the equipment and limit the amount of exposure this equipment can be involved in an accident. We believe the current process for dispersing, recording, and reviewing fuel use is adequate and efficient. Mileage of the larger apparatus was never recorded because the majority of the fuel an apparatus uses is while the vehicle is parked and operating at an emergency incident or during periodic inspection. We do not feel the miles per gallon is a reliable tool to track fuel consumption on the larger equipment. However, moving forward, we will begin to record the mileage of the larger apparatus on the "fuel log" and enter the "fuel tanks" ending counter reading at the fuel pump. We will also update our fuel policy to include review and documentation of any discrepancies in the process.

**Finding No. 6: The MH VFC did not complete its Cash Receipt Log to record deposits in accordance with its policy.**

***Marrero Harvey Vol. Fire Co. # 1***

***808 MacArthur Ave. Harvey, LA 70058 (504) 349-5181***

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We acknowledge that the Cash Receipt Log was not completed. We will convene with our certified public accountant to review and update this policy. We will ensure that everyone is aware of, and receives adequate training with the policy and that the policy is followed moving forward.



Timmy Gautreau Jr  
President  
Marrero Harvey Fire Department

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