

OFFICE OF INSPECTOR GENERAL JEFFERSON PARISH



VEHICLE SURPLUS AND DONATION

2014-0020

REVIEW
ISSUED 7/21/2014



OFFICE OF INSPECTOR GENERAL
JEFFERSON PARISH

DAVID N. McCLINTOCK
INSPECTOR GENERAL



DATE: 07/21/2015

TO: The Citizens of Jefferson Parish

FROM: The Jefferson Parish Office of Inspector General

REF: Review #2014-0020 Vehicle Surplus and Donations

Please find attached the Jefferson Parish Office of Inspector General's (JPOIG) finalized review of the Parish's surplus property process, specifically the disposition of Parish owned vehicles. Through the public release of our work product the JPOIG and Jefferson Parish seek to enhance transparency in government and maintain the public's trust in Jefferson Parish governance. Therefore, we are committed to sharing with the public a detailed account of the audit conducted by the JPOIG, our findings and recommendations, and the Parish's response to our findings.

The review reflected that Parish owned vehicles are being transferred or alienated in a manner that is noncompliant with Parish ordinance and/or policies notwithstanding that the ordinance and/or policies appear to be in line with recommended best practices. Further, the Parish has on numerous occasions donated Parish owned vehicles to other political subdivisions without adequate documentation or justification.

The objectives of this review were to (1) assess whether the transfer of vehicles to surplus complied with the local and state law as well as policies; (2) evaluate the disposition process for surplus vehicles; (3) assess whether reasonable compensation was generated from disposition of Parish assets; and (4) identify any instances of fraud, waste, or abuse.

The JPOIG made 7 findings that identify problems with process and procedure. These findings demonstrate questioned costs in the amount of \$255,424 relative to the value of the donations.¹ In addition, 6 recommendations were made that will, if pursued and adopted, correct the underlying causes of the findings.

The results of this review ultimately involve issues that fall under the supervision of the Parish President, as well as, actions taken by the Parish Council. While there are several areas examined, the core issues involve policy developed by the Parish President that was

¹ The JPOIG has begun to assess costs associated with each report, where feasible, as Questioned, Avoidable or Identifiable. Questioned costs can include costs incurred pursuant to a potential violation of a provision of law, regulation, contract, grant, cooperative endeavor, or other agreement or document governing the expenditure of funds, and/or a finding that such costs are not supported by adequate documentation and/or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable in amount. As such, not all questioned costs are indicative of potential fraud or waste. Identified costs are those dollars that have the potential of being returned to offset the burden of the taxpayer. Avoidable cost is a value that represents the dollars an entity will not have to spend, and/or the increase in revenue, over the next three years if the JPOIG's recommendations are implemented. If the entity does not implement the JPOIG recommendations, the entity will continue to incur the costs.

implemented at the department level and donative actions by the Parish Council. The departments most clearly involved include, but are not necessarily limited to, General Services and Fleet Management. These departments are under the supervision of the Parish President. However, there are several findings arising from action taken by departments upon authority and direction of the Parish Council via resolutions. Both branches of government were provided draft reports, the opportunity to attend an Exit Conference and to submit written responses.

The draft report was submitted to the Parish Council and Administration on 05/19/2015 with responses due on 07/01/2015. An Exit Conference to discuss the report and supporting materials was scheduled for 05/28/2015. However, no communication regarding the Exit Conference was received, nor did any Parish official or employee attend. However, Councilman Templet's office later arranged for an Exit Conference that was held on 06/25/2015.

Exit conferences are customary to the audit process, and offer a valuable opportunity to both auditor and auditee to consider all relevant material. Lack of participation or failure to attend exist conference is not customary. Therefore, the JPOIG has encouraged and will continue to encourage the Parish leaders, including department directors as well as representatives from the Council to attend and participate Exit Conferences to ensure that the most accurate and beneficial report is issued.

Chief Operating Officer Jacques Molaison, writing on behalf of the Administration, provided a written response to the audit, and it is attached in full.

The JPOIG commends all departments mentioned for the time and assistance rendered. We look forward to continuing our partnership to strengthen policy, procedure, and internal oversight protocols. A synopsis of the report, the findings, and responses will be made available to the general public in order to enhance transparency and the public's trust.



OFFICE OF INSPECTOR GENERAL JEFFERSON PARISH

DAVID N. McCLINTOCK
INSPECTOR GENERAL



EXECUTIVE SUMMARY

The Jefferson Parish Office of Inspector General (hereinafter “JPOIG”) initiated a review of Parish vehicles which were disposed as surplus property following information provided by an elected official of the Jefferson Parish government. The JPOIG reviewed state law and noted that the Louisiana’s Constitution provides that property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. The Louisiana Constitution also provides that nothing shall prevent the donation or exchange of movable surplus property between or among political subdivisions whose functions include public safety.¹ The JPOIG reviewed the disposition process of Parish vehicles for the period 01/01/2012 – 12/31/2014. Our objectives were the following:

1. Assess if the transfer of Parish vehicles from departments to the Surplus Property Division complied with the Jefferson Parish Code of Ordinances, Jefferson Parish policies and procedures, and applicable state laws and regulations;
2. Assess the efficiency and effectiveness of internal controls for the disposition process of Parish vehicles;
3. Assess whether the Parish received reasonable compensation for vehicles; and
4. Identify any instances of fraud, waste, or abuse.

Review Results

Based upon audit objectives, we reached the following conclusions:

The General Services Department has not implemented current surplus property policies²

On 05/07/2014, the Parish President issued a policy providing that “no transfer of surplus Parish vehicles/assets shall be made without reasonable compensation to the Parish.” More specifically, the policy provides the following: (1) surplus property is property held by the Parish for a minimum of six months without use, and which is no longer of use to that governing body; (2) surplus property should be offered to other departments within the Parish before disposition; and (3) surplus property should have a valuation/appraisal if no department within the Parish

¹ Louisiana Constitution Article 7, Section 14 (A): Prohibited Uses. Except as otherwise provided by this constitution, 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. Except as otherwise provided in this Section, neither the state nor a political subdivision shall subscribe to or purchase the stock of a corporation or association or for any private enterprise. Louisiana Constitution Article 7, Section 14 (E): Surplus Property. Nothing in this Section shall prevent the donation or exchange of movable surplus property between or among political subdivisions whose functions include public safety.

² Administration Policy Memorandum dated 05/07/2014

demonstrates a valid need for the property. This policy is substantially consistent with Parish ordinances regarding disposition of surplus property.³

Upon review of vehicles disposed as surplus property after 05/07/2014, it was determined that departments had not implemented or integrated current policy. The JPOIG obtained policies and procedures from the Library, Streets, Parks and Recreation, and Transit Departments. The departments identified surplus vehicles based on (1) the request of a new vehicle; (2) the vehicle being deemed beyond repair; or (3) the vehicle reaching fleet management's recommended useful life. The General Services department did not ensure that (1) vehicles were held a minimum of six months without use prior to disposition; (2) property declared surplus was offered to other departments prior to disposition; and (3) valuations or appraisals were obtained by the Parish prior to disposition. Instead, vehicles are disposed of through auction or donation irrespective of conditions mandated in the Parish President's 05/2014 policies and procedures.

Parish surplus vehicles were transferred to outside entities without proceeding through General Services' Surplus Property Division, which may violate JPCO §2-169(3)

Two (2) transit buses valued at a total of \$160,222 were declared surplus and donated via council resolution to Grand Isle and Jean Lafitte. The vehicles were transferred to both towns without proceeding through the Surplus Property Division. As such, the transfer of the vehicles may be in violation of JPCO 2-169(3).

The Parish's Code of Ordinances does not recognize the donation of the Parish's surplus assets

Jefferson Parish Code of Ordinances does not acknowledge the donation of Parish surplus assets as a method of disposition. The ordinances only provides guidance regarding the sale of Parish assets. As such, Parish vehicles are donated without any established donation procedures. The lack of donation protocol/procedures prevents effective oversight over Parish assets.

The Parish Council approved the donation of 20 surplus vehicles to municipalities

During 01/01/2012 – 12/31/2014, the Parish Council approved the donation of 20 Parish vehicles valued at \$255,424. Here, the vehicles were originally acquired by Parish departments which are funded through dedicated millage revenue. Therefore, the proceeds from the sale of property would have been owed back to the department. As a result of the donation, no such return was made to the departments. On 05/07/2014, the Parish President issued a policy to departments stating that, "it is the policy of this administration that no transfer of surplus Parish vehicles/assets shall be made without reasonable compensation to the Parish." However, the Parish Council facilitated the donation of 7 vehicles through Parish departments valued at \$37,102 after the issuance of the Parish President's Policy. The donations facilitated by action of the Parish Council do not comply with Parish ordinances relating to the disposition of surplus property.⁴

³ JPCO §2-936 *et seq.*

⁴ JPCO §2-936 *et seq.*

The Transit Department purchased two (2) buses not needed or desired by Jefferson Parish. The buses were purchased with the intent to surplus and donate to the towns of Grand Isle and Jean Lafitte.

The JPOIG discussed the initiation of the transaction with the Transit Department, in which we determined the department purchased two (2) buses totaling \$160,222 that were not needed or desired by the Parish at direction of the Parish Council. The buses were purchased with the intent to donate to Grand Isle and Jean Lafitte. The Transit Department millage funding and a Federal Transit Administration grant were used to procure the vehicles.

Parish transit vehicles were delivered to the towns of Grand Isle and Jean Lafitte without prior authorization and transfer documentation

The Parish purchased two (2) transit buses totaling \$160,222 on 05/02/2013. The buses were delivered to the towns of Grand Isle on 05/02/2013 and Jean Lafitte on 06/25/2013. At the time of delivery, there was no executed act of donation or other documentation properly transferring the certificates of title. The Parish Council adopted a resolution authorizing the donation of the vehicles to Grand Isle and Jean Lafitte on 04/09/2014. The vehicles were delivered to Grand Isle and Jean Lafitte on 05/02/2013 and 06/25/2013, approximately 10 to 11 months prior to adopting a resolution. The act of donation and certificate of title for the bus donated to Grand Isle was notarized on 07/21/2014. The act of donation for the bus donated to Jean Lafitte was notarized on 09/19/2014, whereas the Parish was unable to provide the JPOIG Auditor the applicable certificate of title.

Donations of Parish vehicles are made without attendant terms to ensure donated property is used in accordance with state law

Parish vehicles have been donated to entities upon Parish Council resolutions authorizing an act of donation. However, there is no attendant conditions to donation that ensure donation is not in violation of Louisiana Constitution Article 7, Section 14 (E).⁵ As such, entities may use vehicles outside of purposes allowed in state law, which may result in donations violating the state constitution.

Our recommendations focused on the following:

- (1) The Parish disposing of property as surplus in a manner compliant with Parish ordinance, JPCO §2-936 – 2-938;
- (2) The Parish President's Office and the Parish Council coordinating to establish written criteria which is accepted by the Parish Council and implemented by the Parish President for identification and determination of surplus vehicles. The criteria should

⁵ Louisiana Constitution Article 7, Section 14 (E): Surplus Property. Nothing in this section shall prevent the donation or exchange of movable surplus property between or among political subdivisions whose functions include public safety.

- be included and distributed to all departments as part of parish-wide surplus vehicles policies and procedures. All departments should be required to refer to this one set of surplus property procedures as guidance regarding the identification, management, and disposition of surplus property;
- (3) The Parish requiring that the transfer of all Parish surplus assets proceed through the Surplus Property Division to ensure centralized control and transparency in the disposition of Parish assets;
 - (4) The Parish Council routing requests for surplus properties from municipalities to the department of General Services for consideration in a manner which is compliant with Parish ordinance, §2-936 – 2-938;
 - (5) The Parish including criteria in the resolution/act of donation regarding the proper usage of vehicles when donating Parish surplus vehicles including, but not limited to, (1) the political subdivision receiving the asset; (2) the public safety function for which the asset is to be used; and (3) an attestation regarding the parameters of use from the receiving entity; and
 - (6) The Parish Council seeking an AG opinion regarding the purchase of assets with the intent to surplus and donate to a political subdivision.

Items are discussed further in the findings and recommendation section of this report.

**JPOIG 2014-0020
SURPLUS VEHICLES**

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OFFICE OF INSPECTOR GENERAL
JEFFERSON PARISH

DAVID N. McCLINTOCK
INSPECTOR GENERAL



Date of Report: 07/21/2015	<u>Public Review</u>	Case # 2014-0020
Period of Review: 2012, 2013, 2014	Report By: Tamyra Johnson, Auditor	Status: Final
<u>Subject of Review</u>		
<ul style="list-style-type: none"> • Surplus Vehicle Donations <li style="margin-left: 300px;">• Surplus Property Policy 		

OBJECTIVES, SCOPE, AND METHODOLGY

Objectives

Pursuant to JPCO §2-155.10(11)(a), the Jefferson Parish Office of Inspector General (hereinafter “JPOIG”) conducted a review of the Parish’s surplus property process, and specifically the disposition of Parish owned vehicles. The objectives of the review were to:

1. Assess whether the transfer of surplus vehicles from user departments to the Surplus Property Division complied with the Jefferson Parish Code of Ordinances (hereinafter “JPCO”), the Parish Administration’s policies and procedures, and applicable state laws and regulations;
2. Evaluate the disposition process for surplus vehicles to assess the efficiency and effectiveness of internal controls around the management and disposition of surplus vehicles;
3. Assess whether reasonable compensation was generated for disposed movable Parish assets; and
4. To identify any instances of fraud, waste, or abuse.

Scope and Methodology

To accomplish our objectives, we performed the following procedures:

- Reviewed guidance published by the Louisiana Legislative Auditor, “Disposition of Surplus Movable Property” for best practices;
- Reviewed Parish ordinances governing the sale of movable property, JPCO §2-936 through §2-940;
- Reviewed policies and procedures issued by the Parish Administration for the relevant time period;
- Reviewed policies and procedures in use by the departments for the relevant time period;

- Interviewed employees from the Parish departments of Fleet Management, General Services and other departments for background on the disposition process of Parish owned vehicles;
- Identified and selected a sample of surplus vehicles documented in the Parish’s Asset Inventory Management System (hereinafter “AIMS”) to assess compliance with state law, local law and parish policies;¹
- Identified and selected a sample of Parish owned vehicles from the surplus property and traced asset history back through AIMS to assess and verify the integrity of the surplus property data; and
- Identified and selected a sample of Parish owned vehicles from AIMS and traced back to the physical inventory of surplus vehicles to assess and verify integrity of the surplus property data.

Source documents and data reviewed include, but are not limited to, the following:

- Surplus property database from 01/1/2012 – 12/31/2014;
- Surplus property auction books from auction years 2012, 2013, and 2014;
- Parish resolutions; and
- Relevant correspondence (memos, emails, etc.)

Computer-processed data was provided from the Electronic Information System (EIS) department and relied on for the period of the audit. We assessed the reliability of the data in the surplus property database by selecting a sample of items in the surplus property yard and tracing them back to the surplus property database, and selecting a sample of items from the surplus property database and tracing the items back to the surplus property yard. We reviewed the available documentation for each selected item and determined that the computer-processed data was sufficiently reliable for the purposes of this review.

Standards

The JPOIG Auditor conducted this review in accordance with the Institute of Internal Auditor’s Principles and Standards (the Red Book). These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

¹ The JPOIG Auditor selected items based on disposition method, department, and the date items were transferred to surplus. Additionally, the JPOIG Auditor employed haphazard sampling. Haphazard sampling is a non-statistical technique used by auditors to simulate random sampling when testing accounting populations.

Acronyms

The following acronyms are used in this document.

AIMS	Asset Inventory Management System	JPCO	Jefferson Parish Code of Ordinances
EIS	Electronic Information Systems Department	JPOIG	Jefferson Parish Office of Inspector General
JP	Jefferson Parish (the Parish)		

BACKGROUND

The disposition of surplus vehicles (including buses and heavy equipment) is a shared function of the Department of General Services, Surplus Property Division, and the Department of Fleet Management. The Louisiana Constitution Article VII, Section 14 generally prohibits the gratuitous alienation of public property. The disposition of certain Jefferson Parish surplus property was the subject of Attorney General Opinion 12-0150. Further, the Louisiana Legislative Auditor has published guidance for state and local government on the disposition of surplus property which is grounded in the state constitution and state laws as interpreted by the Attorney General.² For purposes of this audit, these principles, opinions and guidance are accepted as representing best practices for disposition of surplus property by a local governmental body.

Parish Code of Ordinances, §2-936 – 2-938, Sale of Movable Property

The JPOIG Auditor reviewed the Parish’s Code of Ordinances for guidance regarding the classification and disposition of surplus assets. JPCO §2-168(3) states that the centralized control and disposal of all surplus properties shall be the full responsibility of the department of General Services, property controller’s office. As such, the General Services Department is responsible for ensuring compliance with the Parish’s disposition policies and procedures.

The Parish’s Code of Ordinances does not include the criteria upon which Parish property would be designated as surplus. The Auditor also noted that the ordinances do not authorize donations and, as such, provided no guidance regarding the donation of Parish property. The ordinances only recognize the sale of moveable property as a mechanism for the disposition of Parish assets.

Under Parish ordinance, the sale of movable property “shall be made upon recommendation of the director of the various departments” upon written reasons that lay out:

1. a description of property to be sold;
2. the “book value” of property; and
3. an affirmative statement that “property cannot be used for the purpose it was intended.”

A copy of written reasons is required to be sent to the Parish President, and then, the process can be initiated to transfer the property to surplus.³

² Louisiana Legislative Auditor, Disposition of Surplus Movable Property, Revised 02/2015.

³ JPCO §2-936. Sub-paragraph (4) reads, “A copy of the letter shall be sent to the parish president, the department of general services and procurement and to property control, and upon receipt of the letter, the department shall within thirty (30) days, initiate appropriate measures to give effect to the provisions of this division.

The process for disposition of property is also set forth by ordinance, and it directs the department of General Services to sell property valued at greater than \$500 at auction under a competitive bid process. It permits General Services to dispose of property valued at less than \$500 without a competitive bid process.

Pursuant to the JPCO §2-938, the sale of movable property to any Jefferson Parish municipality, city, township, volunteer fire company, or fire district is permitted, provided that:

1. The movable property has been surplus for a minimum of 30 calendar days, in the Surplus Property Division;
2. Any Jefferson Parish municipality, city, township, volunteer fire company, or fire district submit a request to the department of General Services and Procurement, in writing, that a particular movable property be offered for sale;
3. The director of General Services and Procurement solicit bids from all Jefferson Parish municipalities, cities, townships, volunteer fire companies, or fire districts and the movable property be sold to the highest bidder;
4. The director of General Services and Procurement is authorized to set a minimum bid for any or all movable property; and
5. Only one piece of movable property be sold for each bid.

The process established by Parish ordinance is substantially similar to one anticipated under state law.⁴ Further, it substantially comports with published guidelines of the Louisiana Legislative Auditor, *Disposition of Surplus Property* (updated 2/2015).⁵ Additionally, the ordinances establish the approved method of divestment as that of a sale, including sale via auction.⁶ It was also observed that the Parish ordinances do not approve the act of donation as a method for the disposal of Parish property. As such, there is no established process or protocol for a donation process.

Summary of Parish Surplus Property Policies

The JPOIG Auditor discussed the Parish's surplus property policies with staff of Fleet Management, Library, Parks and Recreation, Streets, General Services: Surplus Property Division, and Transit departments. The 2003 Fleet Management Administrative Policy listed the criteria needed to surplus vehicles. Additionally, the policy discussed Fleet Management's

⁴ See La.R.S. 49:125 which provides that, notwithstanding, any other provision of law to the contrary, the state or any board, commission, department or agency of the state or any political subdivision of the state is hereby authorized to sell surplus movable property at public auction, in addition to the other methods provided by law for such sales. The unit of government so desiring to sell surplus movable property at public auction is authorized to employ qualified licensed auctioneers to handle said sale. No sale at public auction shall be at a price which is less than is required by law, and all such sales shall be advertised in the manner provided by law. The unit of government so desiring to sell surplus movable property at public auction shall reserve the right to reject any and all bids and remove said item of movable property from sale.

⁵ La. Legislative Audits acknowledges five methods under state law for the disposal of surplus property, and based upon opinions of the Attorney General, advises that local governments follow La.R.S. 49:125; La.R.S. 33:4712(F); and La.R.S. 33:4711.1 when disposing of surplus movables. [La. Legislative Auditor, Disposition of Surplus Property](#)

⁶ Parish Code of Ordinances, §2-936 – 2-938, Sale of Movable Property.

responsibility regarding the classification of Parish vehicles as surplus. The Parish President’s Surplus Property Policy adds additional criteria to the classification of Parish assets as surplus. Further, the policy provides guidance concerning the acceptable disposition method of surplus vehicles by expressly requiring the sale of all surplus Parish assets. The policy then refers to the Parish’s Code of Ordinances to outline the approved method and process for the divestment of Parish movable property.

For purposes of this audit, the policies below were used to assess compliance:

<u>Source</u>	<u>Policy</u>	<u>Date</u>
Fleet Management Department	Administrative Management Policy	2003
Administration	Parish President’s Surplus Property Policy	2014

Fleet Management - Administrative Management Policy 2003

Fleet Management uses an Administrative Management Policy issued in 2003 for protocols regarding the management and disposition of surplus vehicles. The policy indicates that vehicles are to be transferred to surplus if:

1. the user department obtained approval for a new/replacement vehicle from Fleet Management;
2. the cost of repairs exceeded 60% of the appraised value of the vehicle; or
3. the vehicle reached Fleet Management’s recommended useful life.

User departments use the aforementioned criteria to transfer vehicle to surplus. Additionally, Fleet Management’s Administrative Management policy states that Fleet Management is given the sole responsibility of determining whether items transferred are eligible to remain in Fleet Management’s yard, and thus remains Parish property, or if items should be transferred to the surplus property yard, and are therefore eligible to be sold at the surplus property auction.

The policy further defines Fleet Management’s responsibility regarding the transfer of surplus vehicles to include the following:

1. Determining the classification of surplus property;
2. Determining when a vehicle reaches the end of its term of service and should therefore be transferred to surplus;
3. Determining when a vehicle is beyond repair and should therefore be transferred to surplus;
4. Determining whether vehicles are transferred to the surplus property yard or held in Fleet Management’s yard;
5. Removing the Parish decals for vehicles that are deemed surplus property; and
6. Determining whether other Parish departments can use vehicles from the surplus property yard.

Parish President's Surplus Property Policy 05/2014

On 05/07/2014, the Parish President issued a policy adding additional criteria and guidance to the classification and disposition of surplus Parish vehicles/assets. The policy stated, in part, that, "it is the policy of this administration that no transfer of surplus Parish vehicles/assets shall be made without reasonable compensation to the Parish." As such, the policy does not permit the donation of Parish assets. Furthermore, the policy established several procedures to assist in ensuring the Parish receives reasonable compensation for its assets, such as:

1. The policy identifies surplus property as property held by municipal governing bodies for a minimum of six months without use, and which is no longer of use to that governing body;
2. The policy requires surplus property to be offered to other departments within the Parish before disposition;
3. The policy requires a valuation/appraisal of the surplus property if no department within the Parish demonstrates a valid need for said property/vehicles; and
4. The policy reiterates that the sales/transfers of surplus property shall comply with JPCO §2-936 - §2-938.

As stated above, the Parish President's policy does not permit the donation of Parish assets. The policy advises the administration to proceed with the sale of surplus assets in accordance with the guidelines outlined in the Parish's Code of Ordinances §2-936 – 2-938.

The JPOIG Auditor noted that the Parish President's Surplus Property policy (05/2014) is more restrictive than the Parish's Code of Ordinances. The Parish President's policy has not been adopted by ordinance or otherwise accepted by the Parish Council, and therefore is not binding on the Parish Council. As such, it is possible to be in compliance with the Parish's ordinance and in violation of the Parish President's policy. Further, in situations where the action is directed by the Parish Council and is not consistent with the Parish President's policy, a department may be faced with a situation whereby compliance with the Council's direction will place them in violation of the policy issued by their appointing authority, the Parish President. The JPOIG Auditor discusses the implications of the conflicting policies in the *Data Review & Analysis* and *Findings* section of this report. Details of the aforementioned Code of Ordinances and policies are listed below.

Summary of Surplus Property Procedures

The JPOIG Auditor reviewed the Parish departments' procedures for compliance with the above policies. The review included discussions with the Fleet Management Department and the Surplus Property Division regarding the disposition of surplus vehicles. The JPOIG Auditor also obtained Fleet Management and Surplus Property's written procedures regarding the management of surplus property. Based upon the information provided, we obtained the following understanding of the Parish's procedure for disposing of surplus vehicles.

In 2012, the Parish's Electronic Information Systems (EIS) Department developed the Parish's Asset Inventory Management System (AIMS) to assist Parish departments in the management of Parish assets. The system is also used to document the transfer of surplus property from the user department to the surplus property yard.

Each department has designated a fixed asset representative who is assigned to manage the transfer of Parish assets in AIMS. The transfer of surplus vehicles includes the following:

1. the fixed asset representative of the user department enters the transfer in AIMS;
2. the Surplus Property Division and Fleet Management Department receive an email from AIMS informing of the surplus vehicle; and
3. the user department sends the vehicle to Fleet Management for processing.⁷

The user department sends its prospective surplus vehicles to Fleet Management for processing prior to sending the vehicles to the Surplus Property Division. Processing includes inspection of the vehicles by Fleet Management to determine if the vehicles should be transferred to the surplus property yard or if the vehicles are eligible to remain in Fleet Management's motor pool. Fleet Management uses criteria such as the asset life, mileage, and the overall condition of the vehicle to assist in its evaluation.⁸

When Fleet Management determines that a vehicle should be sent to the surplus property yard, the Parish's decals and markings are removed. Then, either Fleet Management or the user department follows through with moving the vehicle to the surplus property yard.⁹

The Department of General Services: Surplus Property Division is responsible for providing storage of surplus equipment, including vehicles, for all Parish departments and conducting auctions to dispose of items not transferred to another Parish department. The Surplus Property Division will only accept vehicles into its lot if the vehicles have been transferred through AIMS. Surplus vehicles remain in the surplus property yard until the vehicles are either:

1. transferred to another Parish department;
2. sold at auction; or
3. donated.¹⁰

⁷ The JPOIG obtained information regarding the surplus property disposition process from discussions with the Director of Fleet Management and the Assistant Property Manager of the Surplus Property Division, as well as the Surplus Property Division Operating Procedures.

⁸ The JPOIG obtained information regarding Fleet Management's disposition process from discussions with the Director of Fleet Management, as well as Fleet Management's 2003 Administrative Management Policy.

⁹ The JPOIG obtained information regarding Fleet Management's disposition process from discussions with the Director of Fleet Management

¹⁰ The JPOIG obtained information regarding the surplus property procedures from discussions with the Assistant Property Manager of the Surplus Property Division, as well as the Surplus Property Division's operating procedures.

Surplus/Transferred Vehicles

Any Parish department may request a vehicle be transferred from surplus fleet to that department once situated in the surplus yard. Upon request of a department, Fleet Management will evaluate the condition of the vehicle to determine if the vehicle should be transferred to the requesting department or remain in surplus.¹¹

Auctioned Vehicles

The Parish conducts a surplus property auction once a year. The Surplus Property Division uses the JPCO §2-938(3) as guidance regarding auction procedures. The market value of surplus property is obtained at the surplus property auction. Upon request, the Fleet Management Department assigns a fair market value to vehicles using the Kelley Blue Book valuation. Additionally, the Parish assigns a sales value at the auction as the property's fair market value.¹²

Individual Department Procedures

The JPOIG Auditor discussed the Parish's surplus property process and procedures with staff of Fleet Management, Library, Parks and Recreation, Streets, General Services: Surplus Property Division, and Transit departments. The following procedures were provided and information was obtained:

<u>Source</u>	<u>Policy</u>	<u>Date</u>
Drainage	Drainage Surplus Property Narrative	2014
Library Department	Library Surplus Procedures	2009
Parks and Recreation Department	Parks & Rec Surplus Property Narrative	2014
Sewerage	Sewerage Surplus Property Narrative	2014
Streets Department	Streets Surplus Property Narrative	N/A
Surplus Property Division	Surplus Property Operating Procedures	N/A
Transit Department	Transit Surplus Property Procedures	N/A

Drainage Department Surplus Property Narrative

The Drainage Department's Surplus Property Narrative stated that the surplus process is initiated when the Superintendent in possession of the vehicle forwards the asset to the Fleet Management Department. Fleet Management then performs an assessment of the vehicle to determine whether the asset is worth repairs or should be transferred to surplus. Fleet Management sends a notice of its decision to the Superintendent, in which the Superintendent reviews and forwards the recommendation from Fleet to the Drainage Department Director. The Drainage Director then determines whether to send the vehicle to Fleet for repairs or to transfer the vehicle to the Surplus Property Division.

¹¹ Fleet Management's 2003 Administrative Policy Manual – Policy No. 3.11 – Section V.A.2 f.

¹² The JPOIG obtained information regarding the surplus property auction procedures from discussions with the Assistant Property Manager of the Surplus Property Division.

When an asset is deemed surplus, it is entered into AIMS by the Fixed Asset Representative for transfer to the Surplus Division. Once the proper paperwork has been generated, it is forwarded to the Superintendent for processing and transfer. The Superintendent transfers the vehicle to the Fleet Management Department to have the decal removed from the unit. Once the decal is removed, the unit is transferred to the surplus property yard.

Library Department Surplus Property Procedures

The Library Department's procedures outlined the steps for sending computer equipment, furniture, books, and "other items to surplus." The procedures for "other items" are as follows:

1. Surplus forms are to be completed and printed with the asset number;
2. The surplus forms are to be initialed by the Library's property manager;
3. The initialed forms are sent to the director for final signature; and
4. The original signed copy will be distributed to the Park Landscape Supervisor, for handling.

The Library Department also provided procedures which stated that the Library's Administrative Assistant will work with the Library's Typist Clerk III to request a vehicle be sent to surplus.

Parks and Recreation Department Surplus Property Narrative

The Parks and Recreation Department permits the Warehouse Area Coordinators and Maintenance Supervisors the ability to enter surplus items into AIMS. The department's vehicles are sent to surplus based on recommendations from the Fleet Management Department. When a vehicle is designated as surplus, the AIMS generates a surplus form that is printed and given to the Department Director for approval. The Department Director then sends the signed forms to the Warehouse Area Coordinators or Maintenance Supervisors to be submitted with the items delivered to the surplus property yard.

Sewerage Department Surplus Property Narrative

The Sewerage Department Surplus Property Narrative stated that when a vehicle, including heavy equipment, needs to be surplus, the supervisor notifies the asset manager. The department sends its vehicles or engine driven equipment to Fleet Management for an assessment. Fleet informs the department whether a vehicle/engine driven equipment is beyond repair.

When a vehicle is deemed beyond repair, the supervisor notifies the asset manager that the vehicle needs to be transferred to the Surplus Property Division. Then, the asset manager enters the information into the AIM System to prepare the paperwork. A copy of the transfer voucher is printed and given to the department director for a signature. Once signed, the voucher is sent to the supervisor so that the voucher may accompany vehicle to the surplus property yard. If the equipment is already with the Fleet Management, the transfer voucher is delivered to Fleet Management to have them transfer the vehicle to the surplus property yard. The asset manager receives an electronic receipt from Surplus via the AIM System once the item is accepted by the Surplus Property Division.

Streets Department Surplus Property Narrative

The Streets Department Surplus Property Narrative stated that the executive assistant, who is also the Fixed Asset Representative, handles the management of property in the department. When a superintendent decides to relinquish a piece of property, the superintendent normally contacts either the Director or the Fixed Asset Representative. Generally, a vehicle is not released until a replacement vehicle is purchased or Fleet Management deems the vehicle beyond repair. In both instances, the Director decides the disposition of the property.

Transit Department Surplus Property Narrative

The Transit Department's surplus property process is initiated by the Transit Operations Manager. The Transit Operations Manager informs the Transit Director by phone or email of the need to surplus certain assets due to its condition or usefulness. If the Transit Director concurs with the Operations Manager's assessment, then the Transit Director instructs the Operations Manager to prepare the necessary paper work to transfer the items to surplus property.

The Operations Manager prepares the "Movable Fixed Asset Management System, Relocation, Transfer, Surplus, or Other Disposition Form." The form is completed and forwarded to the Fixed Asset Representative who presents it to the Transit Director for his approval and signature. The Director signifies approval via signature and routes the approval back to the Fixed Asset Representative who enters the asset into the Parish Asset Management System.

Surplus Property Operating Procedures

The Surplus Property Division manages the transfer of vehicles using the Parish's AIMS. Items sent to the surplus property yard are not accepted if the transfer was not completed in AIMS. The asset transfer voucher generated through AIMS must be completed, printed, and submitted with items sent to the surplus property yard. Once completed the Surplus Property Division holds the vehicles until the vehicles are:

1. Approved for use by another Parish department;
2. Donated by the Parish Council; or
3. Sold at the surplus property auction. The auctioneer prepares an auction book documenting the vehicles sold at the surplus property auction.

DATA REVIEW & ANALYSIS

The JPOIG Auditor reviewed the data for surplus vehicles from 01/01/2012 – 12/31/2014. The review consisted of assessing supporting documentation for the following criteria:¹³

1. reason for disposition;
2. evidence of approval from department director;
3. condition of the vehicle; and
4. value of the vehicle prior to auction or donation.

¹³ The JPOIG Auditor obtained the following criteria from the JPCO, as well as the surplus property transfer voucher that is generated when transferring an asset through AIMS.

Items transferred to surplus after implementation of the Parish President Policy of 05/2014 were reviewed for the following additional criteria:

1. Has the vehicle been held six (6) months without use; and
2. Has the vehicle been offered to other departments prior to auction or donation.

The following results are as of 12/31/2014:

Surplus/Transferred Vehicles

The JPOIG Auditor noted a total of two-hundred and eleven (211) vehicles were surplus during the period of 01/01/2012 – 12/31/2014. As of 12/31/2014, the surplus property database listed three (3) vehicles currently held in Surplus, and seven (7) vehicles transferred to other departments. The JPOIG Auditor reviewed one (1) item that was transferred to another department. The item was transferred to the Surplus Property Division to acquire another vehicle. Supporting documentation contained evidence of the department director’s approval.

Chart#1 Total Surplus Vehicles¹⁴		
	#	Value
Auctioned Vehicles	181	\$599,950
Donated Vehicles	20	\$255,424
Surplus	3	N/A ¹⁵
Transferred	7	N/A
Total	211	\$855,374

Parish Auctioned Vehicles

The JPOIG Auditor noted that 181 surplus vehicles were sold at Jefferson Parish’s 2012, 2013, and 2014 auctions. See Chart #1. The value received for the vehicles sold in 2012, 2013, and 2014 combined for \$599,950. See Chart #2.

Chart#2 Surplus Vehicles Auctioned		
Year	# Auctioned	Value
2012	61	\$187,600
2013	63	\$250,275
2014	57	\$162,075
Total	181	\$599,950

We reviewed supporting documentation for forty-two (42) auctioned vehicles. Supporting documentation was obtained from Parks and Recreation, Streets, Transit, Drainage, Sewerage, and the Library departments. Each department has its own set of surplus property procedures. All procedures included vehicles being transferred to surplus based on (1) the departments’ request for a new vehicle; (2) the cost of vehicle maintenance was at least 60% of the vehicle’s value; or (3) the vehicle being beyond Fleet Management’s recommended useful life.

Chart #3				
	Review Elements	Yes	No	Pct.
1.	Documentation listed reason for disposition	14	28	33%
2.	Documentation had evidence of department director’s approval	20	22	48%
3.	Documentation listed the condition of vehicle	22	20	52%
4.	Documentation listed value of vehicle	0	42	0%

¹⁴ The JPOIG obtained a listing of surplus property from multiple sources and data outputs. As such, the numbers in the table reflect the listings obtained; however, given the lack of consistency in the surplus property database, the JPOIG recognize that the population reviewed may not be complete.

¹⁵ The Parish determines the value of surplus vehicles based on the selling price at auction.

The JPOIG Auditor reviewed the supporting documentation of the forty-two (42) auctioned vehicles for compliance with the following criteria (1) purpose of disposition, (2) approval from department director, (3) condition of vehicle, and (4) value of vehicle prior to auction and/or donation.

The JPOIG Auditor's review produced the following results:

1. The JPOIG Auditor reviewed supporting documentation to assess the reason for disposition of vehicles transferred to surplus.
 - The Auditor noted that twenty-eight (28) out of the forty-two (42) auctioned vehicles, or sixty-seven (67%) percent, reviewed did not include an explanation for the reason of disposition; the vehicles were sent to surplus from Transit, Motor Pool, and Parks and Recreation departments.
 - Considering the fourteen (14) that had reason for disposition, twelve (12) out of the forty-two (42) vehicles were identified as surplus to acquire a new vehicle, and two (2) out of the forty-two (42) vehicles were determined by Fleet to be beyond repair.
2. The JPOIG Auditor reviewed documentation for evidence of the department director's approval. The Auditor noted that twenty-two (22) out of the forty-two (42) vehicles, or approximately fifty-two (52%) percent, did not have any evidence of the department director's approval. The vehicles were sent to surplus from the Transit, Sewerage, Motor Pool, and Parks and Recreation departments.
3. The JPOIG Auditor reviewed documentation for the vehicles condition prior to disposition. The Auditor noted that for twenty (20) out of the forty-two (42), or forty-eight (48%) percent, of the vehicles' condition was not documented. The vehicles were surplus from the Transit and Sewerage departments.
4. The JPOIG Auditor reviewed documentation for the value of the vehicle prior to disposition. The Auditor noted that none of the vehicles reviewed contained the fair market value of the surplus vehicle. The Parish determines the fair market value at auction, or upon request to Fleet Management.

Council Donated Vehicles to Municipalities

The JPOIG Auditor noted the Parish ordinances did not recognize the donation of surplus property as a disposition method for Parish assets. As such, written procedures regarding the donation of Parish property does not exist. Furthermore, the Parish President's Surplus Property Policy specifically prohibits the donation of Parish assets by requiring the Parish to receive fair compensation for the transfer of its assets/vehicles. The JPOIG Auditor noted the Parish Council donated the following vehicles, which conflicts with the Parish President's Surplus Property policy and Parish ordinances.

The Parish Council approved the donation of 20 vehicles during 01/01/2012 – 12/31/2014. The vehicles were donated to seven (7) different public entities with the City of Kenner receiving 50% of all donations. See Charts #4 and #5.

Chart #4 Donated Vehicle by Municipality			Chart #5 Muni Donations by Year		
Donee	# Donated	Value	Year	# Donated	Value
City of Kenner	10	\$57,202	2012	3	\$22,300 ¹⁶
City of Harahan	3	\$10,000	2013	4	\$10,000 ¹⁷
Town of Grand Isle	2	\$80,111	2014	13	\$223,124 ¹⁸
Town of Jean Lafitte	2	\$80,111	Total	20	\$255,424
JP Hospital District #2	2	\$28,000			
Plaquemines Parish	1	N/A			
Total	20	\$255,424			

The Assistant Property Manager of the Surplus Property Division, explained that the donation process begins when representatives from other public entities view the vehicles in the surplus property yard. If an entity is interested in a vehicle, a representative contacts a Parish Council member to request a donation. The Parish Council member informs the Surplus Property Division of the intended donation in anticipation of a resolution approving the donation.

The JPOIG Auditor reviewed the supporting documentation for the twenty (20) vehicles donated and noted that two (2) vehicles were purchased with the intent to donate. The Jefferson Parish Transit Department received a request from Councilman Templet to purchase two (2) 2013 low-boy transit buses to be donated to the Town of Grand Isle and the Town of Jean Lafitte. The vehicles were purchased on 05/02/2013 on state contract and totaled \$160,222. On 05/02/2013, the Parish delivered the transit bus to Grand Isle. However, the act of donation and certificate of title were notarized on 07/21/2014. On 06/25/2013, the Parish delivered the transit bus to Jean Lafitte. However, the act of donation was notarized on 09/19/2014, and the Parish was unable to provide the JPOIG Auditor with a certificate of title. See the timeline related to the purchase and disposition of the buses below.

Timeline

- 11/14/2012 The purchase requisition is processed for two (2) 2013 Low Boy transit buses.
- 05/02/2013 The Parish submitted \$160,222 in payments to Bus Group LA for two new transit buses.
- 05/02/2013 The transit bus was delivered to Grand Isle.
- 05/14/2013 The Parish obtained the license and registration for the vehicles.
- 06/25/2013 The transit bus was delivered to Jean Lafitte.

¹⁶ 1992 Chevrolet - \$2,300; 1999 Gillig Transit Bus - \$20,000; 1980 Miller Trailer – N/A

¹⁷ 1999 Ford Utility Truck - \$2,500; 2002 Freightliner Dump Truck - \$7,500; 1987 Johnson Utility Trailer – N/A; 1986 Mack/Grumman Pumper – N/A

¹⁸ Two (2) 2013 Ford Transit Buses - \$80,111 each; 2008 Ford F-150 - \$8,000; 2003 New Holland - \$15,000; 2003 Ford F-750 - \$8,900; 2001 Ford F-250 - \$6,422; 2002 Ford - \$5,000; 2001 Ford F-150 - \$4,860; 1999 Ford F-450 - \$4,500; 2008 Ford Ranger - \$4,420; 2001 Ford - \$3,500; 2002 Ford - \$2,300; 2000 Ford Dump Truck– N/A

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- 07/09/2013 The Parish processed the equipment into its system.
- 04/09/2014 The Parish Council approved resolutions 122684 and 122685 to surplus and donate two (2) 2013 low boy transit buses to the Town of Grand Isle and Town of Jean Lafitte.
- 07/21/2014 The act of donation and certificate of title for the transit bus donated to Grand Isle were notarized.
- 09/19/2014 The act of donation for the transit bus donated to Jean Lafitte was notarized.

The JPOIG Auditor discussed the donation of the buses with the Transit department staff. See information regarding this discussion in the *Interview* section below.

Vehicle Transferred to Surplus after Parish President’s Policy 05/2014

The JPOIG Auditor review included 12 twelve (12) vehicles that were transferred to surplus after the Parish President’s Policy 05/2014 took effect. There were five (5) vehicles auctioned and seven (7) vehicles donated. The Auditor assessed whether: (1) the vehicles were held six (6) months without use; (2) the vehicles offered to another department prior to auction or donation; (3) the values of the vehicles were obtained prior to auction or donation; and (4) the vehicles were disposed of for reasonable compensation. The JPOIG Auditor noted the following:

1. The five (5) auctioned vehicles were not held six (6) months without use prior to being transferred into surplus. Six (6) of seven (7) donated vehicles were not held six (6) months without use prior to transfer to surplus;
2. The twelve (12) vehicles transferred to surplus after the Parish Presidents’ Policy was implemented were not offered to other Parish departments prior to auction or donation. While the departments have an option to view surplus vehicles at the surplus property yard, vehicles are not actively offered to other departments prior to auction or donation;
3. The value of the five (5) auctioned vehicles was not documented prior to the auction. The value of the six (6) out of seven (7) donated vehicles were included in supporting documentation. The JPOIG Auditor noted that the value of the vehicles are obtained when purchased at auction or upon request to Fleet Management. However, fair market values are not consistently assigned to vehicles prior to auction or donation; and
4. The Parish received reasonable compensation for five (5) out of eleven (12) surplus vehicles sold at auction. Seven (7) surplus vehicles were donated to the City of Kenner and the Jefferson Parish Hospital District #2, and the Town of Grand Isle. The value of the vehicles totaled \$37,102.

Items Not Listed in the Surplus Database

The JPOIG Auditor noted instances where three (3) Parish vehicles were donated to other entities, and that the donations were not in accordance with the Parish’s surplus property process. The vehicles were not captured in the surplus property database and did not proceed through the surplus property yard. However, the donations were reflected in Parish Council Meeting minutes. The JPOIG discussed the instances with the Surplus Property Division. A variance would result when the Parish Council donates property without informing the Surplus Property Division.

Per discussion with representatives from the Surplus division, the Parish Council may receive a request from an entity requesting a vehicle. The Parish Council may declare a vehicle surplus via Council resolution. In such instances, the vehicle may or may not be transferred to the surplus property yard. As such, vehicles may be delivered directly to the donee by Fleet Management without ever having been received by Surplus Property Division. All vehicles below were donated as “surplus” property via Council resolution, and transferred to the donee by Fleet Management.

Chart #6					
Asset	Type	Year Donated	Donee	Value	
5855	2013 Ford F550 Low Boy Transit Bus	2014	Town of Jean Lafitte	\$80,111	
5886	2013 Ford F550 Low Boy Transit Bus	2014	Town of Grand Isle	\$80,111	
5882	1999 40 foot Gillig Transit Bus	2012	East Jefferson General Hospital	\$20,000	
				Total:	\$180,222

Overview of Data

The JPOIG data review revealed that departments were using the 2003 Administrative policies and procedures as guidance regarding the disposition of surplus property. However, when presented with an updated policy dated 05/2014, the departments did not adhere to the additional procedures listed in the Parish President’s Surplus Property Policy. In some instances, departments followed the direction of Parish Councilmembers, which conflicted with the Parish administration’s policies and procedures. This conflict occurs when a municipality requests the donation of a parish vehicle from a member of the Parish Council. The Parish Councilmember may then seek a resolution designating the vehicle as surplus. In these cases the vehicles are then delivered to the donee without regard to the restrictions set forth in the Parish Administrations policies of 05/2014 or those of the Surplus Property Division. As previously noted, in situations where the action is directed by the Parish Council and is not consistent with the Parish President’s policy, a department may be faced with a situation whereby compliance with the Council’s direction will place them in violation of the policy issued by their appointing authority, the Parish President.

INTERVIEWS

During the course of the review the Auditor conducted interviews with representatives or staff from the Parish Transit Department, the Town of Grand Isle, The Town of Jean Lafitte.

FINDINGS

A finding indicates a material or significant weakness in controls or compliance that was not detected or corrected by an entity in the normal course of performing its duties. Findings can be any one or the combination of the following: (1) significant deficiencies in internal controls; (2) fraud and illegal acts; (3) violations of contracts and grant agreements; or (4) abuse.

The JPOIG Auditor obtained review results using Jefferson Parish’s Code of Ordinances, the Parish President’s Surplus Property Policy (05/2014); Fleet Management Administrative Policy Memorandum (2003).

Finding #1 – The General Services Department has not implemented the surplus property procedures listed in the Parish President’s Surplus Property policy (05/2014).

Condition: JPCO §2-168(3) states that the centralized control and disposal of all surplus properties shall be the full responsibility of the department of General Services, property controller’s office. As such, the General Services Department is responsible for ensuring compliance with the disposition requirements listed in the Parish President’s policy.

On 05/07/2014, the Parish President issued a policy memorandum discussing the proper identification and disposition procedures regarding surplus property. The policy defined surplus property/vehicles as property held by municipal governing bodies for a minimum of six months without use, and which is no longer of use to that governing body. Additionally, the policy states the disposition of surplus property/vehicles must proceed through the following process: (1) be offered to other departments within the Parish prior to disposition; (2) if no department within the Parish demonstrates a valid need for the property/vehicles, a valuation/appraisal of the property must be obtained; and (3) the property may then be marketed to all municipalities located within Jefferson Parish pursuant to the Code of Ordinances.

General Services’ Surplus Property Division recognizes Parish assets as surplus when the following occurs: (1) the user department transfers an asset to the Surplus Property Division via AIMS; (2) the condition of the vehicle is assessed by the Fleet Management Department; (3) the Fleet Management Department removes the Parish decal from the vehicle; and (4) the Surplus Property Division accepts the vehicle transfer through AIMS when the vehicle arrives at the surplus property yard.

The Surplus Property Division does not require that the vehicles accepted into surplus are (1) offered to other departments prior to disposition; (2) valued prior to disposition; and (3) marketed to all municipalities located within Jefferson Parish in accordance with the Parish Code of Ordinances. Instead, vehicles are disposed of via auction or donation irrespective of the conditions mandated in the Parish President’s Surplus Property policy.

Criteria: The Parish President’s Policy 05/2014 defined surplus property as property held by Parish government for a minimum of six months without use, and which is no longer of use to the governing body. The Parish Presidents Policy 05/2014 listed the following additional requirements regarding the administration’s identification, management, and disposition of surplus property:

1. Required surplus property to be offered to other departments within the Parish before disposition;

2. Required a valuation/appraisal of the surplus property if no department within the Parish demonstrates a valid need for said property/vehicles, and a fair market value must be determined as required by law;
3. Reiterated that the sales/transfers of surplus property shall comply with Jefferson Parish Code of Ordinances, §2-936 - §2-938.

Cause: The Parish President's Policy 05/2014 included various controls to assist in the proper management and disposition of surplus property. However, the memorandum did not designate the parties responsible for ensuring compliance with the outlined procedures. Consequently, the lack of accountability in complying with the policies and procedures has not caused, but has contributed, to the failure to adopt policies and procedures.

Additionally, while the failure to follow the Parish President's policy may be due solely to the actions of the individual department, it may also be the result of direction by the Parish Council. The scope and effect of the Parish President's Policy on surplus extends only to all administrative officers and employees of the Parish responsible to the Parish President and are therefore not binding on the Parish Council. As such, the Parish Council may donate vehicles via resolution and task General Services' Surplus Property Division with the responsibility of delivering the vehicle to the donee. This direction may cause the General Services Department to violate the Parish President's policy.

Exposure In situations where the action is directed by the Parish Council and is also not consistent with the Parish Presidents policy, a department may be faced with a situation whereby compliance with the Council's direction will place them in violation of the policy issued by their appointing authority, the Parish President. The Parish Council's direction historically involves the donation of Parish property. As such, noncompliance with the Parish President's policy may result in a significant financial loss for the Parish, and more specifically, the user departments.

Finding #2 – Parish surplus vehicles were transferred to outside entities without proceeding through the General Services’ Surplus Property Division in violation of JPCO §2-168(3).

- Condition:** The Transit department purchased two (2) transit buses totaling \$160,222. The vehicles were surplus by the Parish Council and transferred to the Town of Grand Isle and the Town of Jean Lafitte without proceeding through the Parish’s surplus property yard. As such, controls that were put in place to safeguard assets were not followed.
- Criteria:** JPCO §2-168(3) states that the centralized control and disposal of all surplus properties shall be the full responsibility of the department of General Services, property controller’s office. As such, the custody and transfer of surplus property, including vehicles, is the responsibility of General Services’ Surplus Property Division. In accordance with JPCO §2-168 (3), General Services’ Surplus Property Division is responsible for the disposal of all Parish surplus assets.
- Cause:** The Parish Council may surplus and subsequently donate Parish assets via resolution without proceeding through the Parish administration’s protocols.
- Exposure** The Parish Council may surplus and donate Parish assets that does not meet the criteria established by the Parish administration. The surplus and donation of such vehicles may result in a financial loss by preventing Parish departments from receiving the proceeds from the sale of its surplus assets. Additionally, the Parish Council may surplus and donate vehicles that could be of use to departments within the Parish.

Finding #3 – The Parish’s Code of Ordinances does not recognize the donation of the Parish’s surplus assets.

- Condition:** The Parish Code of Ordinances does not acknowledge the donation of Parish surplus assets as a method of disposition. The ordinances only provides guidance regarding the sale of Parish assets.
- Criteria:** The Parish’s Code of Ordinances refers to the appropriate means for disposing of surplus Parish assets as a sale. Further, JPCO §2-936 – 2-938 lists the acceptable methods of selling movable property.
- Cause:** There is no established guidance, process or procedure provided regarding the donation of Parish vehicles in the Code of Ordinances.
- Exposure** The lack of guidance, process or procedure concerning donation of vehicles combined with no clear acceptance of donation as an approved method of disposal permits donations by the Parish Council to proceed without accountability. With no clear authority established by ordinance and no policy or procedure to establish process and procedure, effective oversight is not possible. The Council’s use of resolutions to direct vehicles to surplus or donation does not provide criteria upon which the action may be measured nor does it address the conflict between the more restrictive Administration policy of 05/2014 and the Parish ordinance.

Finding #4 – The Parish Council approved the donation of 20 surplus vehicles to other municipalities without complying with JPCO 2-936 through 2-938. The total value of donated vehicles was \$255,424.

Condition: The Parish Council approved the donation of Parish property to other municipalities without complying with JPCO §2-936 through 2-938. The JPOIG reviewed 20 surplus items that were donated to other municipalities. We determined that the donated surplus property was not advertised for sale prior to donation. This resulted in the Parish not receiving compensation for its assets. The JPOIG was able to obtain the values of 16 vehicles. We determined that the Parish donated vehicles totaling \$255,424, in which values ranged from \$2,300 – \$80,111 each.

Asset	Type	Year		Value
		Donated	Donee	
5627	2002 Ford Expedition	2014	City of Kenner	\$2,300
5025	1992 Chevrolet Suburban	2013	City of Kenner	\$2,300
7051	1999 Ford F-350 Utility Truck	2013	City of Harahan	\$2,500
6582	2001 Ford F450	2014	City of Kenner	\$3,500
8039	2002 Ford E450	2014	City of Kenner	\$5,000
8614	2002 Freightliner Dump Truck	2013	City of Harahan	\$7,500
8590	2003 New Holland LB75B Backhoe	2014	City of Kenner	\$15,000
5822	40 foot 1999 Gillig Transit Bus	2012	East Jeff Gen. Hospital	\$20,000
5885	2013 Ford F550 Low Boy Transit Bus	2014	Town of Jean Lafitte	\$80,111
5886	2013 Ford F550 Low Boy Transit Bus	2014	Town of Grand Isle	\$80,111
2721	1987 Johnson Utility Trailer	2013	City of Harahan	N/A*
1342	Red 1986 MACK/Grumman Pumper	2013	Plaquemines Parish	N/A*
6170	1980 Miller Trailer, 610 Tilt Top Trl	2012	Town of Jean Lafitte	N/A*
Total:				\$218,322
<i>*Values not available</i>				

The Parish President issued a policy on 05/07/2014 that stated, “it is the policy of this administration that no vehicle shall be transferred without reasonable compensation to the Parish.” The JPOIG Auditor reviewed the Parish’s database to determine if vehicles were donated to municipalities after the distribution of the policy memorandum.

The following donations were approved by the Council after the distribution of the Parish President’s Surplus Property policy:

Asset	Type	Year		Value
		Donated	Donee	
1082	2008 Ford 2008 F-150 Crew Cab (Red)	2014	Jeff Parish Hosp. Dist. 2	\$8,000
6069	2000 Ford F-750 5 Yard Dump Truck	2014	Town of Grand Isle	N/A*
2462	2008 Ford Ranger	2014	City of Kenner	\$4,420
8174	2003 Ford F-750	2014	City of Kenner	\$8,900
7043	2001 Ford F-150	2014	City of Kenner	\$4,860
7606	2001 Ford F-250	2014	City of Kenner	\$6,422
7377	1999 Ford F-450	2014	City of Kenner	\$4,500
Total:				\$37,102

**Values not available*

Total value of vehicles donated by Parish Council	
Value of vehicles donated prior to the Parish President's policy	\$218,322
Value of vehicles donated after the Parish President's policy	\$37,102
Total value of donated vehicles	\$255,424

Criteria: Louisiana's Constitution states that property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. The section further states that nothing shall prevent the donation or exchange of movable surplus property between or among political subdivisions whose functions include public safety.¹⁹ On 05/07/2014, the Parish President issued a policy stating that, "it is the policy of this administration that no transfer of surplus Parish vehicles/assets shall be made without reasonable compensation to the Parish." The policy also states that the disposition of Parish assets should comply with JPCO §2-936 – 2-938.

Cause: The Parish Council is not required to abide by the administration procedures. As such, the council may donate vehicles to municipalities without preceding through the Parish's administrative procedures.

Exposure The Parish Council may donate vehicles to municipalities without abiding by administrative procedures.²⁰ Whether it is permissible for the Council to donate property under Louisiana Constitution Article VII, Section 14(E) remains an issue. Even if permissible, the Parish Council may be reducing potential revenue by donating Parish property without obtaining reasonable compensation from outside entities. The assets were purchased with dedicated millage funding for the departments. As such, the compensation obtained for the Parish's assets would have been returned to the budget of the initial user department.

¹⁹ Louisiana Constitution Article 7, Section 14 (A): Prohibited Uses. Except as otherwise provided by this constitution, 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. Except as otherwise provided in this Section, neither the state nor a political subdivision shall subscribe to or purchase the stock of a corporation or association or for any private enterprise. Louisiana Constitution Article 7, Section 14 (E): Surplus Property. Nothing in this Section shall prevent the donation or exchange of movable surplus property between or among political subdivisions whose functions include public safety.

²⁰ The Parish Council may adopt a resolution to declare vehicles into surplus, and subsequently donate the vehicles to political subdivisions whose functions include public safety.

Finding #5 – The Parish purchased two (2) new transit buses totaling \$160,222 for the purpose of “donating” them to municipalities, Jean Lafitte and Grand Isle.

Condition: The Town of Grand Isle and Jean Lafitte requested a new bus for its transit system from Councilmember Temple’s office. As a result, the Parish Councilman requested that the transit department purchase two (2) buses to donate to the Town of Grand Isle and the Town of Jean Lafitte. The buses were purchased with Jefferson Parish millage funding and a Federal Transit Administration grant.

Asset	Type	Donee	Value
5885	2013 Ford F550 Low Boy Transit Bus	Town of Jean Lafitte	\$80,111
5886	2013 Ford F550 Low Boy Transit Bus	Town of Grand Isle	\$80,111
Total:			\$160,222

The JPOIG Auditor noted that the buses were purchased on 05/02/2013 and were never used by the Parish’s transit system. On 04/09/2014, the Parish Council approved the surplus and subsequent donation of the buses.²¹ The JPOIG Auditor discussed the condition of the bus with Fleet Management and Transit departments which confirmed vehicles were new and in good working condition. JPOIG further discussed the donation of the vehicles with the Transit department and was informed that the vehicles were acquired for the purpose of transferring or donating them.

Criteria: Parish departments should reduce governmental waste by purchasing items needed, desired, and of use to the Parish government.

Cause: Parish ordinances do not approve donations nor establish related procedures. Further, the Parish Administrations policies are not binding on the Parish Council. In the absence of ordinance or established policy and procedures the Parish Council directs donative actions without clear authority and/or effective process and/or effective oversight.²²

Exposure The Parish Council may instruct Parish departments to purchase vehicles for the purpose of donating them to surrounding municipalities. The action may result in the expenditure of funds for purposes not recognized by ordinance and for which no process and procedures exist.

²¹ Resolution numbers 122684 and 122685.

²² JPCO 2-936 through 2-940; Parish President Policy 05/2014.

Finding #6 – The Parish distributed Parish vehicles to the towns of Grand Isle and Jean Lafitte prior to adopting a resolution, executing an act of donation, and properly transferring the certificate of title to the respective towns.

Condition: The Parish delivered two (2) 2013 low boy transit buses to the town of Grand Isle and the Town of Jean Lafitte prior to adopting a resolution and executing an Act of Donation for the vehicles. The Parish purchased the vehicles on 05/02/2013 for \$80,111 each. The Parish Council adopted a resolution authorizing the donation of the vehicles to Grand Isle and Jean Lafitte on 04/09/2014. However, the vehicles were delivered to the town of Grand Isle on 05/02/2013 and Jean Lafitte on 06/25/2013, 10 and 11 months respectfully before the vehicles were donated. The act of donation and certificate of title for the bus donated to Grand Isle was notarized on 07/21/2014; whereas the act of donation for the bus donated to Jean Lafitte was notarized on 09/19/2014, and the Parish was unable to provide the JPOIG Auditor the applicable certificate of title.

Criteria: Louisiana Constitution Article 7, Section 14 (A) states, “except as otherwise provided by this constitution, 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. Except as otherwise provided in this Section, neither the state nor a political subdivision shall subscribe to or purchase the stock of a corporation or association or for any private enterprise.”

Louisiana Constitution Article 7, Section 14 (E) states, “nothing in this Section shall prevent the donation or exchange of movable surplus property between or among political subdivisions whose functions include public safety.”

Cause: The Parish has not established parish-wide policies and procedures regarding the identification, management, and disposition of surplus property that is binding on both the Parish Council and Parish Administration. Additionally, the Parish does not require all departments to use the same forms or proceed through the same procedures prior to transferring items to the Surplus Property Division.

Exposure The lack of consistency may result in departments approving the disposition of surplus property without following parish-wide policies and procedures that permit effective oversight and accountability.

Finding #7 – The Parish donated vehicles to several entities without providing criteria regarding the appropriate usage of the vehicles.

Condition: During the testing period, the Parish donated 20 vehicles to entities without establishing criteria regarding the usage of the vehicles. The Council approved the donation of a vehicle to the town of Jean Lafitte. The resolution stated that the Parish authorized the donation of the vehicle to the town of Jean Lafitte to assist the town of Jean Lafitte in its public safety and emergency management efforts. The JPOIG followed up with the town of Jean Lafitte regarding the vehicle and noted that the vehicle is used by the Lafitte Senior Center to transport senior citizens to activities such as bingo and the river boat cruise.

Criteria: Louisiana’s Constitution states that property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. The section further states that nothing shall prevent the donation or exchange of movable surplus property between or among political subdivisions whose functions include public safety.²³

In Black’s Law Dictionary, “public safety” is defined as the welfare and protection of the general public, usually expressed as a governmental responsibility.²⁴

Cause: The Parish has not established criteria for donations regarding the appropriate usage of vehicles. Additionally, the Parish does not monitor the location of the vehicle after donation.

Exposure The Parish has not incorporated stipulations with entities receiving donated vehicles. As such, the Parish may donate vehicles to municipalities that are not using the vehicles for public safety purposes. The lack of stipulations may result in donations violating the Louisiana Constitution Article 7, Section 14(E).

²³ Louisiana Constitution Article 7, Section 14 (A): Prohibited Uses. Except as otherwise provided by this constitution, 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. Except as otherwise provided in this Section, neither the state nor a political subdivision shall subscribe to or purchase the stock of a corporation or association or for any private enterprise. Louisiana Constitution Article 7, Section 14 (E): Surplus Property. Nothing in this Section shall prevent the donation or exchange of movable surplus property between or among political subdivisions whose functions include public safety.

²⁴ 9th ed. 2009 & La. Attorney General Opinion 13-0024

RECOMMENDATIONS

1. The Parish President's Office and the Parish Council should coordinate to establish written parish-wide policies and procedures regarding the identification, management, and disposition of surplus vehicles. The policy should detail the responsibility and procedures for fleet, surplus, and user departments;
2. The Parish require the transfer of all Parish surplus assets to proceed through the Surplus Property Division to ensure centralized control and transparency in the disposition of Parish assets;
3. The Surplus Property Division should require each department to fill out a transfer voucher prior to accepting the transfer of surplus vehicles. The transfer voucher should include the department director's signature of approval, the reason for disposition, the condition of the vehicle, and the fair market value of the vehicle. The Surplus division should not accept the transfer if the aforementioned criteria is not completed;
4. The Parish Council should refer municipalities to the department of General Services when it request the transfer of a surplus vehicle. The department of General Services should proceed with the bidding and sale of the vehicles in accordance with the Parish's Code of Ordinances §2-936 – 2-938;
5. The Parish should include criteria regarding the proper usage of vehicles when donating Parish surplus vehicles. The act of donation should include details specifying (1) the political subdivision receiving the Parish asset; (2) the public safety function for which the asset is being used; and (3) an attestation regarding the parameters of use from the receiving entity; and
6. The Parish should seek an AG Opinion regarding the legality of the purchase of assets with the intent to surplus and donate to a political subdivision.

CONCLUSION

The objectives of this review were to (1) assess if the transfer of surplus vehicles from user departments to the Surplus Property Division complied with the Jefferson Parish Code of Ordinances, Jefferson Parish policies and procedures, and applicable state laws and regulations; (2) evaluate the disposition process for surplus vehicles to assess the efficiency and effectiveness of internal controls around the management and disposition of surplus vehicles; (3) assess whether reasonable compensation was generated for the disposition of Parish assets; and (4) identify any instances of fraud, waste, or abuse.

The JPOIG Auditor noted deficiencies in the overall surplus property protocol and internal control system. During the periods reviewed, the Parish departments used Fleet Management's 2003 Administrative Management Policy as guidance regarding the transfer of Parish assets to the Surplus Property Division. On 05/2014, the Parish President's Office distributed a surplus property policy that added additional criteria regarding the disposition of surplus property to prevent the donation of Parish property. The policy stated that, "*It is the policy of this*

administration that no transfer of surplus Parish vehicles/assets shall be made without reasonable compensation to the Parish.” The policy also refers the administration to comply with JPCO §2-936 – 2-938 in regards to the appropriate methods of selling Parish movable property. Our review revealed that General Service’s Surplus Property Division disposed of Parish assets without adhering to the additional restrictions listed in the Parish President’s Surplus Property policy. General Service’s noncompliance may be contributed to the Parish Council authorizing donations via resolutions and subsequently instructing General Service’s Surplus Property Division to relinquish the vehicle to the applicable municipality.

The JPOIG Auditor reviewed the Parish Code of Ordinances and other Parish policy for written policies and procedures regarding the donation of Parish assets. However, the Auditor determined that no such policies and procedures exist. The JPOIG Auditor noted that during the period reviewed, the Parish donated 20 vehicles valued at \$255,424 to municipalities. The donations increased substantially in 2014 to 13 vehicles valued at \$223,124 compared to 3 vehicles valued at \$22,300 in 2012 and 4 vehicles valued at \$10,000 in 2013. Included in this number is two (2) vehicles purchased with the intent to donate, in which the vehicle acquisition totaled \$160,222.

As noted by the Parish Attorney’s Office, the Parish President’s Policy was not adopted by ordinance. As such, noncompliance with such policy by the Parish administration and by the Parish Council does not violate any Parish ordinance. Though there is no violation, the Parish has not been receiving reasonable compensation for its assets. The revenue generated from the sale of surplus assets would have been distributed to the initial user departments if vehicles were auctioned instead of donated. As such, the compensation would have provided tax dollars to the user departments, which would add value to Parish departments.

The JPOIG recommends that the Parish President’s Office and the Parish Council establish written parish-wide policies and procedures regarding the identification, management, and disposition of surplus vehicles. The policy should detail the responsibility and procedures for fleet, surplus, and user departments. The coordination of policy and procedures between the Parish administration and the Parish Council is needed to eliminate conflicts in the application at departmental level.

If the Parish Council chooses to continue donations of movable surplus property between or among political subdivisions whose functions include public safety, the JPOIG recommends the Council develop conditions appropriate to the transfer of vehicles to municipalities. The Parish should include criteria regarding the proper usage of vehicles when donating Parish surplus vehicles. The act of donation should include but not be limited to:

- (1) the political subdivision receiving the Parish asset;
- (2) the public safety function for which the asset is to be used; and
- (3) an attestation regarding the parameters of use from the receiving entity.

The recommendations stated above are designed to improve the surplus system of internal controls and add value to the Parish’s surplus property disposition process.

Code of Ordinances for
Jefferson, LA Section 2-
936 – 2-940



Subdivision I. - Sale of Movable Property

Sec. 2-936. - Recommendation of departmental directors.

The sale of movable property shall be made upon the recommendation of the director of the various departments, wherein the directors shall set forth their reasons in writing:

- (1) A brief description of the property to be sold;
- (2) The book value of the property;
- (3) Such property cannot be used for the purpose for which it was intended, or that it would be to the best interest of the department that the property be disposed of; and
- (4) A copy of the letter shall be sent to the parish president, the department of general services and procurement and to property control, and upon receipt of the letter, the department shall within thirty (30) days, initiate appropriate measures to give effect to the provisions of this division.

(Code 1961, § 2-10.4)

Sec. 2-937. - Newspaper advertising.

- (a) The department of general services and procurement of the parish is hereby authorized to sell movable property owned by the parish, without the necessity of newspaper advertising of the property, provided the best value of the property does not exceed five hundred dollars (\$500.00).
- (b) If an offer made for the property exceeds five hundred dollars (\$500.00), the department of general services and procurement is hereby directed to cause the property to be advertised.

(Code 1961, §§ 2-10.3, 2-10.8)

Sec. 2-938. - Alternative bidding procedure.

Property may be sold under this division, provided the department of general services and procurement secure either:

- (1) Three (3) bids in writing from the prospective purchasers, setting forth:
 - a. A brief description of the property;
 - b. The amount of the cash purchase price;
 - c. The date on which the purchaser will take title to the property.
- (2) Three (3) telephone bids from prospective purchasers, noting the:
 - a. Date on which the telephone call was made or received; and
 - b. Name, address and telephone number of the prospective purchaser; and
 - c. Amount offered as the purchase price; and
 - d. A brief description of the property to be sold;
 - e. The date on which the sale shall be consummated.
- (3) An auctioneering firm to conduct a public auction:
 - a. Selling any surplus movable property to the highest bid; and
 - b. The director of general services and procurement may set a minimum bid for any or all movable property.

- (4) The sale of movable property to any Jefferson Parish municipality, city, township, volunteer fire company, or fire district is permitted provided that:
- a. The movable property has been surplused for a minimum of thirty (30) calendar days, in the surplus property division; and
 - b. Any Jefferson Parish municipality, city, township, volunteer fire company, or fire district submit a request to the director of general services and procurement, in writing, that a particular movable property be offered for sale; and
 - c. The director of general services and procurement solicit bids from all Jefferson Parish municipalities, cities, townships, volunteer fire companies, or fire districts; and
 - d. The movable property be sold to the highest bidder; and
 - e. The director of general services and procurement is authorized to set a minimum bid for any or all movable property; and
 - f. Only one (1) piece of movable property be sold for each bid.

(Code 1961, § 2-10.5; Ord. No. 18532, § 1, 6-3-92)

Sec. 2-939. - Terms of sale.

Property shall be sold under this division "as is, where is" and without any warranty whatsoever.

(Code 1961, § 2-10.6)

Sec. 2-940. - Costs borne by purchaser.

All costs, including transportation, fees, in connection with the act of sale, if any, and all other related cost and fees, shall be borne exclusively by the purchaser.

(Code 1961, § 2-10.7)

Secs. 2-941—2-950. - Reserved.

Code of Ordinances for
Jefferson, LA §2-168



Sec. 2-168. - Duties of director.

The director of general services shall be responsible for:

- (1) The responsibility for administration of the maintenance and operation of public buildings;
- (2) The centralized administration of other intragovernmental services, including but not limited to messenger services, mail services, telephone and microfilming;
- (3) The centralized control and disposal of all surplus properties shall be the full responsibility of the department of general services, property controller's office.

(Code 1961, § 2-272; Ord. No. 15431, § 1, 2-9-83; Ord. No. 21171, § 9, 1-10-01)

Resolution 122684 –
Surplus and Donation of
Transit Bus to Grand Isle



On joint motion of all Councilmembers present, the following resolution was offered:

RESOLUTION NO. 122684

A resolution declaring one (1) 2013 Ford F550 Low Boy Transit Bus into surplus and authorizing the donation of this vehicle to the **Town of Grand Isle**. (Parishwide)

WHEREAS, Louisiana Constitution Article 7, § 14(E) authorizes the donation or exchange of movable surplus property between or among political subdivisions whose functions include public safety; and

WHEREAS, Jefferson Parish desires to assist the Town of Grand Isle in its public safety and emergency management efforts by donating one (1) 2013 Ford F550 Low Boy Transit Bus that is currently in surplus; and

WHEREAS, practical considerations necessitate that governmental agencies work together in order to effectuate an effective and efficient transit service; and;

WHEREAS, the PARISH AND GRAND ISLE wish to assist in providing an effective and efficient Transit service; and;

WHEREAS, the citizens of Jefferson Parish and the residents of the Town of Grand Isle will benefit from the efforts of these agencies working together in the furtherance of public safety and emergency management initiatives.

NOW THEREFORE, BE IT RESOLVED by the Jefferson Parish Council of Jefferson Parish, State of Louisiana:

SECTION 1. That the Council hereby approves the declaration that one (1) 2013 Ford F550 Low Boy Transit Bus, Unit: 5886, VIN # 1FDGF5GT2DEA76799, into surplus.

SECTION 2. That Jefferson Parish is hereby authorized to donate one (1) 2013 Ford F550 Low Boy Transit Bus, Unit: 5886, VIN # 1FDGF5GT2DEA76799 to the Town of Grand Isle.

SECTION 3. That the Chairman of the Jefferson Parish Council, or in his absence the Vice-Chairman, be and they are, hereby authorized to execute any and all documents necessary to give full force and effect to this resolution.

The resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: 7

NAYS: None

ABSENT: None

The resolution was declared to be adopted on this the **9th day of April, 2014.**

THE FOREGOING IS CERTIFIED
TO BE A TRUE & CORRECT COPY



EULA A. LOPEZ
PARISH CLERK

JEFFERSON PARISH COUNCIL

Resolution 122685 –
Surplus and Donation of
Transit Bus to Jean
Lafitte



On joint motion of all Councilmembers present, the following resolution was offered:

RESOLUTION NO. 122685

A resolution declaring one (1) 2013 Ford F550 Low Boy Transit Bus into surplus and authorizing the Donation of this vehicle to the **Town of Jean Lafitte**. (Parishwide)

WHEREAS, Louisiana Constitution Article 7, § 14(E) authorizes the donation or exchange of movable surplus property between or among political subdivisions whose functions include public safety; and

WHEREAS, Jefferson Parish desires to assist the Town of Jean Lafitte in its public safety and emergency management efforts by donating one (1) 2013 Ford F550 Low Boy Transit Bus that is currently in surplus; and

WHEREAS, practical considerations necessitate that governmental agencies work together in order to effectuate an effective and efficient transit service; and;

WHEREAS, the PARISH AND JEAN LAFITTE wish to assist in providing an effective and efficient Transit service; and;

WHEREAS, the citizens of Jefferson Parish and the residents of the Town of Jean Lafitte will benefit from the efforts of these agencies working together in the furtherance of public safety and emergency management initiatives.

NOW THEREFORE, BE IT RESOLVED by the Jefferson Parish Council of Jefferson Parish, State of Louisiana:

SECTION 1. That the Council hereby approves the declaration that one (1) 2013 Ford F550 Low Boy Transit Bus, Unit: 5885, VIN # 1FDGF5GT2DEA76798 into surplus.

SECTION 2. That Jefferson Parish is hereby authorized to donate one (1) Ford F550 Low Boy Transit Bus, Unit: 5885, VIN # 1FDGF5GT2DEA76798 to the Town of Jean Lafitte.

SECTION 3. That the Chairman of the Jefferson Parish Council, or in his absence the Vice-Chairman, be and they are, hereby authorized to execute any and all documents necessary to give full force and effect to this resolution.

The resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: 7

NAYS: None

ABSENT: None

The resolution was declared to be adopted on this the **9th day of April, 2014.**

THE FOREGOING IS CERTIFIED
TO BE A TRUE & CORRECT COPY



EULA A. LOPEZ
PARISH CLERK

JEFFERSON PARISH COUNCIL

Young Surplus Property
Memorandum





PARISH OF JEFFERSON

OFFICE OF THE PRESIDENT

JOHN F. YOUNG, JR.
PARISH PRESIDENT

May 7, 2014

Policy Memorandum No. XX

To: All Directors

From: John F. Young, Parish President

Subject: Proper Procedure for Transfer of Parish Assets to Municipalities

The following is to establish proper protocol regarding Parish assets, notably surplus Parish vehicles, and their transfer to municipalities within Jefferson Parish. It is the policy of this administration that no transfer of surplus Parish vehicles/assets shall be made without reasonable compensation to the Parish. This policy memorandum outlines the proper procedures to be followed by all Jefferson Parish departments effective immediately.

Louisiana Constitution Article 7, §14(A) provides that property of any political subdivision shall not be loaned, pledged or donated. Additionally, Louisiana Revised Statute 39 §330 defines surplus movable property as property which has been held by municipal governing bodies for a minimum of six months without use, and which is no longer of use to that governing body.

Where departments have surplus moveable property/vehicles which meet the aforementioned criteria, said property/vehicles shall first be offered to other departments within the Parish. If no department within the Parish demonstrates a valid need for said property/vehicles, a valuation/appraisal of the property in question shall be undertaken, and a fair market value determined as required by law. The property may then be marketed to all municipalities located within Jefferson Parish pursuant to Jefferson Parish Code of Ordinances, Sec. 2-938 (4).

As it is the policy of this administration to receive reasonable compensation in the transfer of surplus assets, whenever the situation arises that a Jefferson Parish department is approached to facilitate the transfer of their property to a municipality within Jefferson Parish, that department director shall immediately notify his/her assigned CAA, and the Director of General Services. Such notification shall include all relevant information about the request, including but not limited to the identification of the property in question, person or persons making such request, the proposed recipient of the property, any communicated offer of compensation, and any other relevant information pertaining to the request. Sales/Transfers shall thereafter comply with Jefferson Parish Code of Ordinances Sections 2-936, 2-937 and 2-938 (Attached).

Jefferson Parish, Louisiana, Code of Ordinances >> PART II - CODE OF ORDINANCES >> Chapter 2 - ADMINISTRATION >> ARTICLE VII. - FINANCES, CONTRACTS, PURCHASES AND SALES >> DIVISION 4. - SALE OF PROPERTY >> Subdivision I. Sale of Movable Property >>

Subdivision I. Sale of Movable Property

Sec. 2-936. Recommendation of departmental directors.

Sec. 2-937. Newspaper advertising.

Sec. 2-938. Alternative bidding procedure.

Sec. 2-939. Terms of sale.

Sec. 2-940. Costs borne by purchaser.

Secs. 2-941—2-950. Reserved.

Sec. 2-936. Recommendation of departmental directors.

The sale of movable property shall be made upon the recommendation of the director of the various departments, wherein the directors shall set forth their reasons in writing:

- (1) A brief description of the property to be sold;
- (2) The book value of the property;
- (3) Such property cannot be used for the purpose for which it was intended, or that it would be to the best interest of the department that the property be disposed of; and
- (4) A copy of the letter shall be sent to the parish president, the department of general services and procurement and to property control, and upon receipt of the letter, the department shall within thirty (30) days, initiate appropriate measures to give effect to the provisions of this division.

(Code 1961, § 2-10.4)

Sec. 2-937. Newspaper advertising.

- (a) The department of general services and procurement of the parish is hereby authorized to sell movable property owned by the parish, without the necessity of newspaper advertising of the property, provided the best value of the property does not exceed five hundred dollars (\$500.00).
- (b) If an offer made for the property exceeds five hundred dollars (\$500.00), the department of general services and procurement is hereby directed to cause the property to be advertised.

(Code 1961, §§ 2-10.3, 2-10.8)

Sec. 2-938. Alternative bidding procedure.

Property may be sold under this division, provided the department of general services and procurement secure either:

- (1) Three (3) bids in writing from the prospective purchasers, setting forth:
 - a. A brief description of the property;
 - b. The amount of the cash purchase price;
 - c. The date on which the purchaser will take title to the property.
- (2) Three (3) telephone bids from prospective purchasers, noting the:
 - a. Date on which the telephone call was made or received; and
 - b. Name, address and telephone number of the prospective purchaser; and
 - c. Amount offered as the purchase price; and
 - d. A brief description of the property to be sold;
 - e. The date on which the sale shall be consummated.
- (3) An auctioneering firm to conduct a public auction:
 - a. Selling any surplus movable property to the highest bid; and
 - b. The director of general services and procurement may set a minimum bid for any or all movable property.
- (4) The sale of movable property to any Jefferson Parish municipality, city, township, volunteer fire company, or fire district is permitted provided that:
 - a. The movable property has been surplus for a minimum of thirty (30) calendar days, in the surplus property division; and
 - b. Any Jefferson Parish municipality, city, township, volunteer fire company, or fire district submit a request to the director of general services and procurement, in writing, that a particular movable property be offered for sale; and
 - c. The director of general services and procurement solicit bids from all Jefferson Parish municipalities, cities, townships, volunteer fire companies, or fire districts; and
 - d. The movable property be sold to the highest bidder; and
 - e. The director of general services and procurement is authorized to set a minimum bid for any or all movable property; and
 - f. Only one (1) piece of movable property be sold for each bid.

(Code 1961, § 2-10.5; Ord. No. 18532, § 1, 6-3-92)

Sec. 2-939. Terms of sale.

Property shall be sold under this division "as is, where is" and without any warranty whatsoever.

(Code 1961, § 2-10.6)

Sec. 2-940. Costs borne by purchaser.

All costs, including transportation, fees, in connection with the act of sale, if any, and all other related cost and fees, shall be borne exclusively by the purchaser.

(Code 1961, § 2-10.7)

Secs. 2-941—2-950. Reserved.

Parish Administration's
Response





PARISH OF JEFFERSON
OFFICE OF THE PRESIDENT

JOHN F. YOUNG, JR.
PARISH PRESIDENT

JACQUES MOLAISON
CHIEF OPERATING OFFICER

July 1, 2015

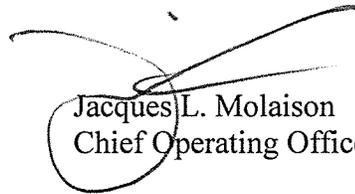
David McClintock
Jefferson Parish Inspector General
5401 Jefferson Hwy., Suite "C"
Jefferson, Louisiana 70123

RE: Audit #2014-0020 Vehicle Surplus and Donations

Dear Mr. McClintock:

Thank you for sending the above-referenced draft audit dated May 19, 2015. Please find enclosed the Jefferson Parish Administration's response to the findings and recommendations. Accordingly, please refer to the enclosed which should be incorporated in your final report.

Sincerely,



Jacques L. Molaison
Chief Operating Officer

JLM/jmb
Encl.

cc: Hon. John F. Young, Jr., Parish President
Andrew M. Maestri, Deputy Chief Operating Officer
Deborah Cunningham Foshee, Parish Attorney
Chairman Christopher L. Roberts, At-Large "A"
Councilman Elton M. Lagasse, At-Large "B"
Councilman Ricky J. Templet, District 1
Councilman Paul D. Johnston, District 2
Councilman Mark D. Spears, Jr., District 3
Councilman E "Ben" Zahn, III, District 4
Councilwoman Cynthia Lee-Sheng, District 5
Nick DiGerolamo – Director – Fleet Management
Ryan Brown – Director – Transit
Anthony Francis – Director – General Services

PARISH OF JEFFERSON RESPONSE TO INSPECTOR GENERAL'S DRAFT REVIEW
VEHICLE SURPLUS AND DONATIONS OF MAY 19, 2015

I. Overview

The Jefferson Parish Administration has reviewed the draft of the Jefferson Parish Inspector General's ("JPOIG") May 19, 2015 Vehicle Surplus/Donation Audit ("Audit") for the period of January 1, 2012 to December 31, 2014. As the referenced audit notes, administrative policies extend only to administrative offices and employees of the parish responsible to the Parish President; it has been the position of the Jefferson Parish Council that they are not bound by policies promulgated by the Parish President and Administration. Accordingly, the scope of this response is limited to those findings and recommendations pertaining to the Administration.

II. Response to Findings and Recommendations

1. JPOIG Finding #1: The General Services Department has not implemented the surplus property procedures listed in the Parish President's Surplus Property policy (05/2014)

JPOIG Recommends:¹

The Parish President's Office and the Parish Council should coordinate to establish written parish-wide policies and procedures regarding the identification, management, and disposition of surplus vehicles. The policy should detail the responsibility and procedures for fleet, surplus, and user departments.

JPOIG Recommends:

The Parish require the transfer of all Parish surplus assets to proceed through the Surplus Property Division to ensure centralized control and transparency in the disposition of Parish assets.

JPOIG Recommends:

The Surplus Property Division should require each department to fill out a transfer voucher prior to accepting the transfer of surplus vehicles. The transfer voucher should include the department director's signature for approval, the reason for the disposition, the condition of the vehicle, and the fair market value of the vehicles. The Surplus division should not accept the transfer if the aforementioned criteria is not completed.

¹ Because many of the JPOIG recommendations could theoretically apply to multiple findings, the Administration has included all recommendations that may apply.

Parish Response to JPOIG Finding #1:

On May 7, 2014, the Administration implemented a policy outlining the proper procedure for the transfer of parish assets to municipalities. *See*, Policy Memorandum No. XX. As the JPOIG thoroughly states in the instant audit, the policy established guidelines regarding the transfer of surplus assets to municipalities within Jefferson Parish. Contrary to the JPOIG’s finding, the General Services Department has implemented the surplus property procedures listed in the above-referenced policy and will continue to abide by that policy.

Notwithstanding the foregoing, the Council takes the position that the stated policy is not binding on them as the legislative branch of Parish Government. In conformity with the administrative policy of obtaining fair market value for its surplus assets, the Administration will continue to endeavor with the Parish Council to establish a cohesive “best-practices” policy regarding the disposition, via both sale and donation, of surplus parish policy. Until such time, the General Services Department will continue its compliance with Policy Memorandum XX, leveraged against Council resolutions that dispose of Parish assets in variance to that policy.

2. JPOIG Finding #2: Parish surplus vehicles were transferred to outside entities without proceeding through the General Services’ Surplus Property Division in violation of JPCO §2-169(3) [sic].²

JPOIG Recommends:

The Parish require the transfer of all Parish surplus assets to proceed through the Surplus Property Division to ensure centralized control and transparency in the disposition of Parish assets.

Parish Response to JPOIG Finding #2:

Parish surplus assets proceed through the General Service’s Department surplus property division pursuant to JPCO §2-168(3) and in accordance with Policy Memorandum XX. However, the purchase of the para-transit buses for the towns of Grand Isle and Jean Lafitte involved unique circumstances that should not be repeated. Having consulted the applicable departments and legal counsel, the Administration is in the process of drafting and implementing a process for subrecipients of dedicated millage funds rather than surplus property.

As noted in the audit, both towns participate in the transit millage but do not have fixed transit routes due to their distance from the rest of the Parish’s population centers. The two para-transit buses were purchased using both millage and Federal Transportation Administration (“FTA”) funds to assist with the towns’ para-transit needs, specifically use by the towns’ senior centers. In furtherance of the U.S. Department of Transportation’s Strategic Goals, the FTA

² The JPOIG’s draft response refers to an ordinance that does not exist (JPCO §2-169). However, JPCO §2-168(3) provides:

The centralized control and disposal of all surplus properties shall be the full responsibility of the department of general services, property controller’s office.

approved the purchase of the two para-transit buses because it is committed to ensuring that individuals in rural areas, like all Americans, have access to transit to meet their basic mobility and accessibility needs. *See*, Report No. FTA-MA-99-0359-01-01. [Emphasis added]. As a recipient of approximately \$404,920 in FTA §5317 funds and \$475,000 in FTA §5339(b) funds annually, the Transit Department is obligated to assist the FTA in reaching its goals.

The Parish concedes that in retrospect, the utilized process failed to conform to best practices. Although multiple departments participated and advised in the transfer, it is reasonable to conclude that the transfer of vehicles purchased with dedicated revenues fell outside the scope of a surplus transfer, and resulted in an anomaly. Accordingly, the Parish is in the process of drafting and implementing policy safeguards to ensure best practices are followed. Specifically, Parish protocols will involve an Intergovernmental Agreement (“IGA”) or in the instant case where FTA funds are involved, a Subrecipient Agreement between the FTA and the respective municipality. Conversely, the Parish will continue to ensure that surplus property is handled in accordance with the guidelines established in Policy Memorandum XX when appropriate, applicable and available.

3. JPOIG Finding #3: The Parish’s Code of Ordinances does not recognize the donation of the Parish’s surplus assets

JPOIG Recommends:

The Parish should include criteria regarding the proper usage of vehicles when donating Parish surplus vehicles. The act of donation should include details specifying (1) the political subdivision receiving the Parish asset; (2) the public safety function for which the asset is being used; and (3) an attestation regarding the parameters of use from the receiving entity.

Parish Response to JPOIG Finding #3:

The JPOIG’s conclusion misinterprets Jefferson Parish’s local governing authority. Jefferson Parish operates pursuant to Home Rule Charter,³ which provides it with the authority to exercise any power and perform any function necessary, requisite, or proper for the management of its affairs, not denied by general law or inconsistent with the constitution. La. Const. Art. VI, §4; Jefferson Parish Charter Section 6.04.⁴ Simply stated, Jefferson Parish may exercise any

³ Through the charter process, the citizens select their own form of government and decide how powers and duties will be distributed in that government. Once the charter is adopted, the legislature is constitutionally prohibited from enacting any law that changes or affects the structure and organization or particular distribution and redistribution of the powers and functions of the local government. La. Const. Art. VI, §4.

⁴ The Jefferson Parish Charter Section 6.04 “Supremacy Clause” provides:

A. It is intended that this Charter give to the parish the broadest powers permissible under the Constitution of the State of Louisiana and in cases of conflict between the provisions of this Charter and any law of the State dealing with parish and local government and the departments, offices, agencies, subdivisions, and special districts thereof, the provisions of this Charter and the ordinances adopted hereunder shall prevail.

power *not denied by general law*. Accordingly, the Parish’s Code of Ordinances does not need to “recognize” the donation of the Parish’s surplus assets for the Parish to donate property because the Louisiana Constitution allows for the donation of property meeting specific requirements established under State Law. La. Const. Art. VII, §14(E).

Further, the constitution grants protection from legislative interference in the exercise of power. The fact that a charter government may exercise any power *not denied by general law* means that local ordinances may not remove or restrict the power of the governing body. Applied, the enactment of JPCO §§2-936-2-940 regarding the sale of Parish surplus property does not in any way diminish the Parish’s ability to donate property pursuant to La. Const. Art. VII, §14(E).

Acknowledging that the JPOIG’s “exposure” concerns pertain to actions of the Parish Council as the legislative authority, the Administration will defer to the Council for further response or discussion.

4. JPOIG Finding #4: The Parish Council approved the donation of 20 surplus vehicles to other municipalities without complying with JPCO 2-936 through 2-938. The total value of donated vehicles was \$255,424.

JPOIG Recommends:

The Parish Council should refer municipalities to the department of General Services when it request [sic] the transfer of a surplus vehicle. The department of General Services should proceed with the bidding and sale of the vehicles in accordance with the Parish’s Code of Ordinances §2-936-2-938.

Parish Response to JPOIG Finding #4:

As similarly stated above, the JPOIG’s assertions contained in Finding #4 likewise pertain to the Parish Council as the governing authority. Accordingly, the Administration defers to the Parish Council for further comment and/or response.

5. JPOIG Finding #5: The Parish purchased two (2) new transit buses totaling \$160,222 for the purpose of “donating” them to municipalities, Jean Lafitte and Grand Isle.

JPOIG Recommends:

The Parish should seek an AG Opinion regarding the legality of the purchase of assets with the intent to surplus and donate to a political subdivision.

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- B. All other special and general laws, as they apply to the Parish of Jefferson, all parish ordinances, and rules and regulations not inconsistent with this Charter shall continue in effect until they are superseded by ordinance adopted by the Council pursuant to this Charter and the Constitution.

Parish Response to JPOIG Finding #5:

Please refer to the Parish’s response to Finding #2, *supra*. Again, if presented with the same factual scenario in the future, the Parish will utilize an IGA and/or Subrecipient Agreement where appropriate and applicable.

- 6. JPOIG Finding #6: The Parish distributed Parish vehicles to the towns of Grand Isle and Jean Lafitte prior to adopting a resolution, executing an act of donation, and properly transferring the certificate of title to the respective towns.

JPOIG Recommends:

The Parish should seek an AG Opinion regarding the legality of the purchase of assets with the intent to surplus and donate to a political subdivision.

Parish Response to JPOIG Finding #6:

Please refer to the Parish’s response to Finding #2 and Finding #5, *supra*.

- 7. JPOIG Finding #7: The Parish donated vehicles to several entities without providing criteria regarding the appropriate usage of the vehicles.

JPOIG Recommends:

The Parish should include criteria regarding the proper usage of vehicles when donating Parish surplus vehicles. The act of donation should include details specifying (1) the political subdivision receiving the Parish asset; (2) the public safety function for which the asset is being used; and (3) an attestation regarding the parameters of use from the receiving entity.

Parish Response to JPOIG Finding #7:

While JPOIG Finding #7 mostly pertains to actions taken by the Parish Council, the Administration respectfully offers the following response:

Regarding the transfer of the para-transit buses to the towns of Jean Lafitte and Grand Isle specifically, the JPOIG concludes that the use of the buses to transport seniors for activities connected with the Senior Centers is an improper use of the buses and/or not related to “public safety,” as required by State Law. The only requirement contained in La. Const. Art. VII, §14(E) is that the entities between which property is donated must have public safety functions. As both the Parish and the towns of Jean Lafitte and Grand Isle have public safety functions, the transfer of the para-transit buses to the municipalities meets the requirements of La. Const. Art. VII, §14(E), and is therefore not violative of applicable law. Further, providing access to transit to meet the basic mobility and accessibility needs of seniors is a function of public safety, which the Louisiana Attorney General has previously defined as “the welfare and protection of the general public.” La. Atty. Gen. Op. No. 13-0024. Going forward, in order to avoid further scrutiny, the Parish will require that future contracts between the Parish and the towns of Jean Lafitte and Grand Isle regarding the para-transit buses specify such public safety use.

III. Parish Action Plan

In light of the foregoing, the Administration will review and revise Policy Memorandum XX to the extent revision is necessary and appropriate. As previously stated, the Administration is in the process of drafting and implementing processes with safeguards for IGA's and Subrecipient Agreements for those cases involving millage and FTA funds. Further, General Services will continue to comply with the current Surplus Property policy and any amendments thereto, leveraged against Council action in variance to those stated protocols. As stated, the Jefferson Parish Administration is poised to work with the Parish Council in the creation of "best practices" policies regarding the disposition, via sale or donation, of surplus property.

Finally, going forward and to avoid further scrutiny of the para-transit buses transferred to the towns of Jean Lafitte and Grand Isle, future contracts with those respected municipalities will specify the public safety use, including para-transit services.

Please feel free to contact me with any questions or if you would like to discuss this matter further.

Thank you.



Jacques L. Molaison
Chief Operating Officer