

NOVEMBER 8, 2023



LESSONS LEARNED

JPOIG 2023-0001

A summary report on fire suppression and prevention services provided by private fire companies to Parish residents living in unincorporated West Jefferson, Lafitte, and Grand Isle.

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OUR VISION

To be a resource, a motivation, and an agent for positive, achievable, and sustainable change within Parish government.

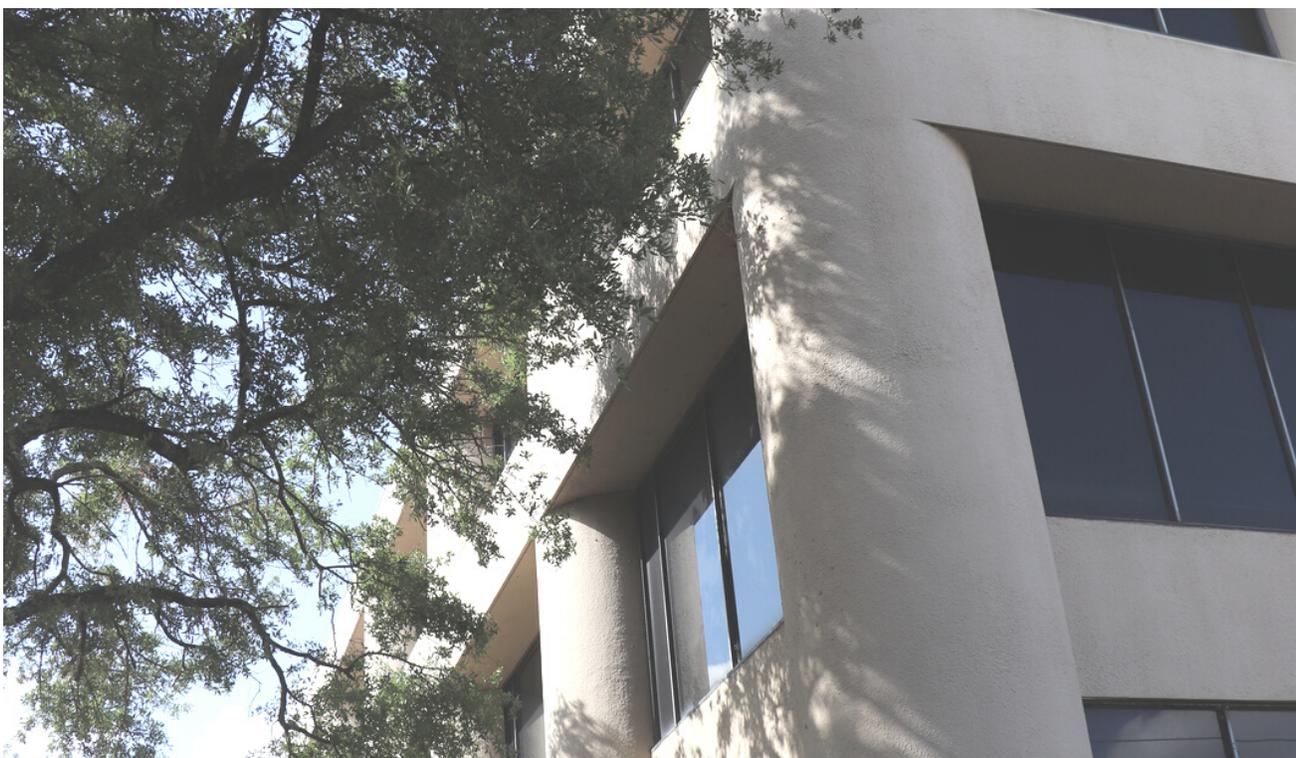
OUR MISSION

To detect and deter fraud, waste, abuse, and illegal acts through independent oversight.

To promote efficiency in government by assisting in improving operations.

To provide increased accountability.

“We are the Jefferson Parish Office of Inspector General.
We work for you.”



ABOUT THIS REPORT

The Jefferson Parish Office of Inspector General (JPOIG) conducted 18 audits and/or reviews on fire suppression and prevention services provided by volunteer fire companies (VFCs) to unincorporated West Jefferson, Lafitte, and Grand Isle residents (Parish) between 2013 and 2023. **These audits and reviews identified over \$28 million in questioned costs and funds or other assets that were at-risk for fraud, waste, or abuse.** See Table #1 for details.

Table #1

Description	Amount
Prohibited Expenditures	\$8,532,547
At-Risk Payroll	\$2,838,685
Avoidable/Unnecessary Payroll	\$460,449
Inaccurate Payroll	\$131,096
Falsified Payroll	\$47,076
Unsupported Expenditures	\$176,465
At-Risk Expenditures	\$425,247
At-Risk Vehicles	\$15,674,278
At-Risk Fuel	\$152,753
TOTAL	\$28,438,596

This report consolidates the findings of those 18 reports to offer a fresh outlook and understanding of the Parish's method of providing fire prevention and suppression services. It highlights persistent and pervasive problems, and it offers possible solutions for consideration and discussion. For context, this report includes information available from public filings and records through the Louisiana Legislative Auditor, the Louisiana Secretary of State, the Parish of Jefferson, and others.

Our audits and/or reviews assessed the use of public funds on expenses such as personnel, equipment, and fuel. This work included, by way of example:

- Reviewing policies, procedures, and other documents;
- Developing non-statistical samples and performing analysis;
- Reviewing financial records, including but not limited to, bank statements and invoices;
- Performing detailed analysis to test for compliance with contracts, laws, and regulations;
- Performing a physical inventory of vehicles and equipment; and
- Conducting interviews with employees.

Table #2

The focus of the reports was public fund expenditures.

We tested:

- Cash;
- Operating expenditures;
- Payroll;
- Fuel expenditures; and
- Vehicles.

Published reports can be found at www.jpoig.net. See Table #2 for a listing of reports.

	Report ID	Report Title	Date Issued
1	2022-0024	Live Oak Manor VFC	In comment
2	2022-0029	Marrero-Harvey VFC	In comment
3	2022-0028	Bridge City VFC	07/14/2023
4	2022-0025	Nine Mile Point VFC	01/25/2023
5	2021-0027	Grand Isle Volunteer Emergency Services	02/22/2022
6	2021-0026	Grand Isle VFC	02/17/2022
7	2014-0043	Follow-up: 2016 Grand Isle VFC	02/16/2022
8	2021-0006	Terrytown VFC	02/11/2022
9	2020-0038	Herbert Wallace Memorial VFC	04/09/2021
10	2013-0032	Follow-up: Harvey VFC No. 2	12/15/2020
11	2016-0013	Follow-up: Herbert Wallace Memorial VFC	11/20/2020
12	2015-0002	Follow-up: Marrero-Ragusa VFC	10/22/2020
13	2015-0003	Follow-up: Marrero-Estelle VFC	10/04/2019
14	2016-0013	Herbert Wallace Memorial VFC	02/15/2017
15	2015-0002	Marrero-Ragusa VFC	11/30/2016
16	2015-0003	Marrero-Estelle VFC	11/30/2016
17	2014-0043	Grand Isle VFC	03/23/2016
18	2013-0032	Harvey VFC No. 2	11/17/2014

THE OVERVIEW

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Funding Fire Protection Services

The Parish is divided into nine Fire Protection Districts. Districts 1 through 3 are located on the East Bank, and Districts 1 and 2 were consolidated to form East Bank Consolidated Special Service Fire Protection District. Districts 4 through 9 are located on the West Bank, Lafitte, and Grand Isle. These districts are created by the Parish Council under the authority of local and state law.

Every decade, voters in each district have the opportunity to authorize a millage proposition that will fund the construction, improvement, and operation of fire protection facilities. In all districts except Fire Protection Districts 3, 4 and 9, voters have approved a 25-mill property tax to support fire prevention efforts. See Table #3 for millage rates approved by district.

Table #3

District	Date of Election	Rate Approved	Departments in Fire District
1	8/15/2020	25 Mills	East Bank Consolidated Fire
2			
3	12/5/2020	20 Mills	Third District Volunteer Fire
4	11/18/2017	16.65 Mills	Lafitte-Barataria-Crown Point Volunteer Fire Company
5	4/30/2022	25 Mills	Terrytown Volunteer Fire Company
6	12/8/2018	25 Mills	Harvey Volunteer Fire Company No. 2
7	11/6/2018	25 Mills	Bridge City Volunteer Fire Company Live Oak Manor Volunteer Fire Company Avondale Volunteer Fire Company Herbert Wallace Memorial Volunteer Fire Company Nine Mile Point Volunteer Fire Company
8	12/8/2018	25 Mills	Marrero-Harvey Volunteer Fire Company Marrero-Estelle Volunteer Fire Company Marrero-Ragusa Volunteer Fire Company
9	11/6/2018	21.1 Mills	Grand Isle Volunteer Fire Company #1

Based upon homes valued between \$150,000-\$250,000, residents pay between \$187-\$437 per year for fire prevention and suppression at a rate of 25 Mills.



THE OVERVIEW

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Once a millage is approved by the voters, the Parish Council can levy the tax. The Parish Council may levy the tax at the rate approved by the voters or an adjusted rate depending upon property values. Table #4 shows millage rates currently levied and tax revenue generated in 2022. You can see the rates levied are different from the rates shown in the previous table. See Table #4 for millage rates levied and revenue collected by each district.

Table #4

District	Rate Levied	2022 Tax Revenue Collected	Departments in Fire District
1	25 Mills	\$44,442,156	East Bank Consolidated Fire
2			
3	20 Mills	\$3,529,199	Third District Volunteer Fire
4	17.32 Mills	\$608,939	Lafitte-Barataria-Crown Point Volunteer Fire Company
5	18.6 Mills	\$3,849,979	Terrytown Volunteer Fire Company
6	25 Mills	\$5,297,584	Harvey Volunteer Fire Company No. 2
7	25 Mills	\$4,796,941	Bridge City Volunteer Fire Company Live Oak Manor Volunteer Fire Company Avondale Volunteer Fire Company Herbert Wallace Memorial Volunteer Fire Company Nine Mile Point Volunteer Fire Company
8	23.15 Mills	\$8,508,029	Marrero-Harvey Volunteer Fire Company Marrero-Estelle Volunteer Fire Company Marrero-Ragusa Volunteer Fire Company
9	21.10 Mills	\$629,680	Grand Isle Volunteer Fire Company #1

East Bank Cost: The average home value on the East Bank is estimated at \$250,000. This means residents spend \$437/year for fire protection services or approximately 2 pizzas/month.

West Bank Cost: The average home value on the West Bank is estimated to be \$175,000. This means residents spend \$250 per year for fire protection services or approximately 1 pizza/month.

\$20.00/pizza x 12 months ~ \$250



THE OVERVIEW

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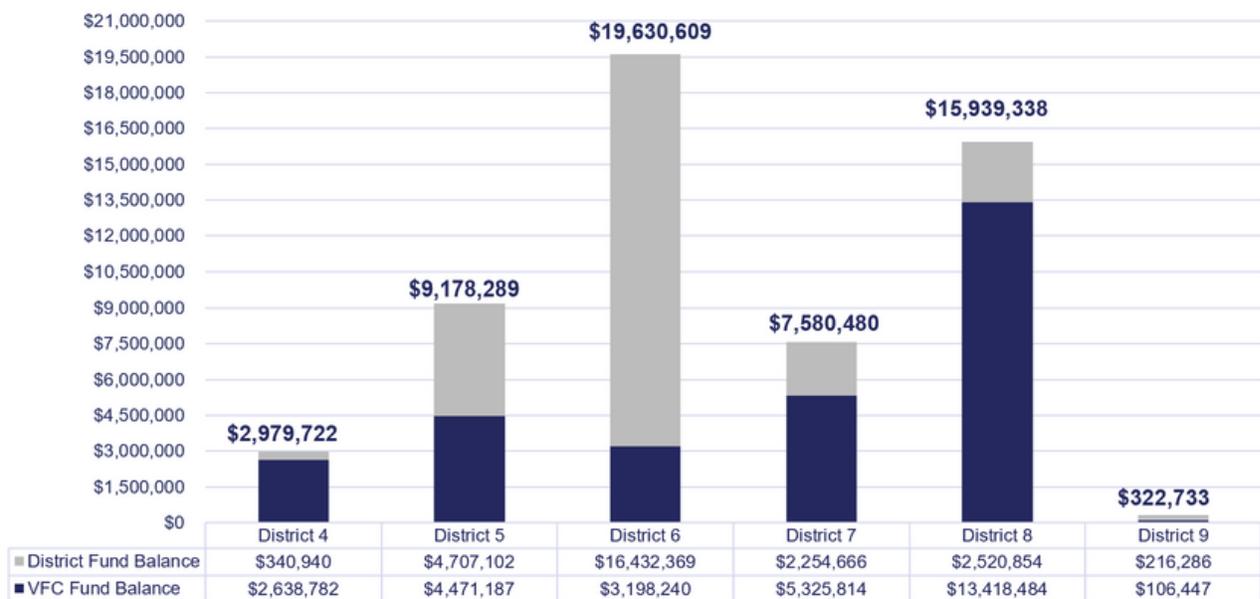
The revenue generated from each of the fire districts is considered a special, or dedicated tax, that constitutes a trust fund under state law. This means the proceeds can only be used for the objects and purposes approved by the voters. Generally, the voters approved using revenue generated by the fire protection districts for acquiring, constructing, improving, providing, maintaining, and operating fire protection facilities, vehicles, and equipment. Importantly, the revenue generated from fire protection districts, like other taxes, is public money.

The Parish Council is the decision maker and the authority for fire protection districts. The Parish Council chooses to provide fire protection and prevention services to West Bank residents of the Parish by contracting with volunteer fire companies.

In 2022, there was approximately **\$55.6 million** of unspent funds generated from West Bank fire districts:

- 48%, or **\$26,472,217**, is held and controlled by the Parish; and
- 52%, or **\$29,158,954**, is held and controlled by the volunteer fire companies.

Graph #1



THE OVERVIEW

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Providing Fire Protection Services

Fire protection services are provided in one of two ways:

1. Fire persons employed by the Parish; or
2. Fire persons employed by a non-profit corporation.

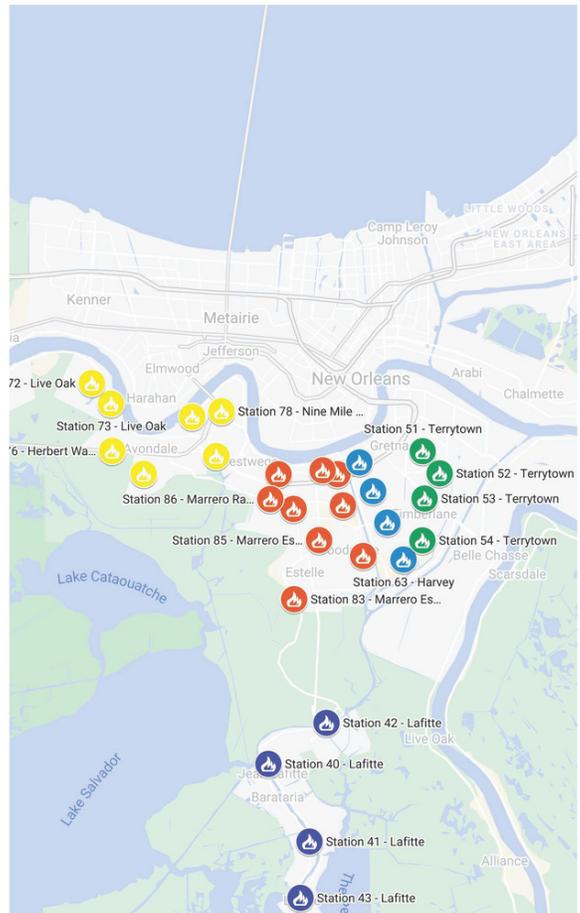
Unincorporated West Jefferson, Lafitte, and Grand Isle residents rely solely on fire persons employed by non-profit corporations, volunteer fire companies (VFCs). The Parish Council, as the decision-maker for the fire protection districts, contracts with VFCs. Each VFC may operate one or more fire stations.

See *Images #1 & #2* for locations of fire stations on the West Bank of Jefferson.

Images #1 & #2

VFC Stations

- 100 Chighizola Ln - St 1
- 2385 Jean Lafitte Blvd - St 40
- 4176 Privateer Blvd - St 41
- 8019 Barataria Blvd - St 42
- 5510 Jean Lafitte Blvd - St 43
- 341 Heritage Ave - St 51
- 2201 Carol Sue Ave - St 52
- 200 Wall Blvd - St 53
- 3301 Wall Blvd - St 54
- 639 Maple Ave - St 61
- 2225 Lapalco Blvd - St 62
- 3824 Manhattan Blvd - St 63
- 1801 Gretna Blvd - St 64
- 2220 Bridge City Ave - St 70
- 404 Azalea Dr - St 72
- 160 Modern Farms Rd - St 73
- 500 S Jamie Blvd - St 74
- 4040 US-90 - St 76
- 1024 Oak Ave - St 78
- 9409 E Clark Ln - St 79
- 531 Avenue C - St 80
- 808 MacArthur Ave - St 81
- 3649 Patriot St - St 82
- 4050 Barataria Blvd - St 83
- 3180 Destrehan Ave - St 84
- 2248 Barataria Blvd - St 85
- 1400 Berger Rd - St 86
- 455 St Ann St - St 87
- 5725 Belle Terre Rd - St 88



THE OVERVIEW

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The VFCs are non-profits providing non-professional services for the Parish. Their contracts with the Parish are Cooperative Endeavor Agreements (CEAs). There are specific processes and requirements for non-professional services and CEAs which have not been carried out. Non-professional services are supposed to be procured subsequent to an advertised Request for Proposal (RFP). CEAs are supposed to include specific language to ensure public funds are not given away. Neither of these are realized by the Parish's CEAs with the VFCs, rendering these contracts unique in many aspects.

Each VFC's CEA has a term of 10 years and is funded by tax revenue generated from fire protection districts. As shown in the table below, the Parish entered into CEAs with 12 different VFCs who operate a total of 29 stations spread across six fire districts covering unincorporated West Jefferson, Lafitte, and Grand Isle. See Table #5 for the listing of CEAs with the VFCs.

Table #5

Cooperative Endeavor Agreements (CEA) for Fire Protection Services on West Bank				
Districts	Volunteer Fire Company	Stations	Effective Date	Expiration Date
4	Lafitte-Barataria-Crown Point Volunteer Fire Company	40, 41, 42, 43	12/01/2017	12/01/2027
5	Terrytown Volunteer Fire Company	51, 52, 53, 54	05/01/2018	12/01/2027
6	Harvey Volunteer Fire Company No. 2	61, 62, 63, 64	12/01/2017	12/01/2027
7	Bridge City Volunteer Fire Company	70	12/01/2017	12/01/2027
	Live Oak Manor Volunteer Fire Company	72, 73	12/01/2017	12/01/2027
	Avondale Volunteer Fire Company	74	12/01/2017	12/01/2027
	Herbert Wallace Memorial Volunteer Fire Company	76	12/01/2017	12/01/2027
8	Nine Mile Point Volunteer Fire Company	78, 79	12/01/2017	12/01/2027
	Marrero-Harvey Volunteer Fire Company	80, 81, 82	12/01/2017	12/01/2027
	Marrero-Estelle Volunteer Fire Company	83, 84, 85	12/01/2017	12/01/2027
9	Marrero-Ragusa Volunteer Fire Company	86, 87, 88	12/01/2017	12/01/2027
	Grand Isle Volunteer Fire Company #1	1	12/01/2017	12/01/2027

THE OVERVIEW

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Overseeing Fire Protection Services

Fire persons employed by the Parish are part of the East Bank Consolidated Fire Department (EBCFD). These fire persons fall under the supervision of a fire chief and are part of a fire civil service system. Generally, EBCFD fire persons must:

- Successfully complete the Office of State Examiner's test;
- Achieve a certification of up to Firefighter II; and
- Submit to annual training administered by EBCFD Training Division.

Fire persons employed by a VFC fall under the supervision of a fire chief who is employed by a VFC. Nevertheless, the Jefferson Parish Office of Fire Services (OFS) oversees the performance of each VFC under the CEAs. The CEAs do not mandate that fire persons employed by a VFC be certified or subjected to the same training as those employed by EBCFD. Whether these fire persons are certified or receive comparable training depends upon the individual VFC's recruitment and retention practices and resources. The OFS monitors the CEAs with the VFCs, but the OFS does not have the power to issue mandates or enforce compliance.

Jefferson Parish Code of Ordinances 2-213 Duties of director of fire

- *Provide policy development and management guidance in the areas of emergency response as it relates to the Jefferson Parish Fire Training Center.*
- *Oversee cooperative endeavor agreements of the volunteer fire departments.*
- *Prepare reports regarding administrative operations, evaluate performance against established objectives, and special reports on operating problems or plans as required for the Jefferson Parish Fire Training Center.*
- *Collaborate with all volunteer fire chiefs and the emergency management director on policy decisions affecting emergency response services in Jefferson Parish.*
- *Coordinate and consult with all volunteer fire chiefs as applicable for the completion of insurance rating reports for all Jefferson Parish Fire Districts.*
- *Coordinate fire activities with volunteer departments and serve as a liaison between the volunteer fire departments, fire stations, first responders, and the administration.*

THE PROBLEMS

10

Introduction

The VFCs receive roughly **\$21.6 million** each year in public funds to provide fire prevention and suppression services to residents of unincorporated West Jefferson, Lafitte, and Grand Isle. This decentralized approach of relying upon 12 separate VFCs to provide these services presents problems with fiscal accountability, quality assurance, and oversight. Based upon what we saw, we suggest these problems are linked, in part, to the following:

- Experienced fire persons did not necessarily possess needed experience to run the business of a VFC, (i.e. they lack training to design and implement proper fiscal controls);
- VFC board members did not necessarily possess needed experience to exercise and maintain formalities associated with and expected of corporations;
- VFC boards and/or fire chiefs were unaware of restrictions on using public funds;
- VFC boards and/or fire chiefs were unaware of or failed to understand terms of contracts with the Parish; and
- VFCs did not have policies or had policies that failed to provide a basic level of internal control.

What did we see?

When we audited, we saw:

- A failure to maintain VFCs in “good standing” with the state;
- Misspending of public funds on bonuses, parties, and phones for outsiders;
- Pay for firefighters was not properly calculated and/or falsified;
- Trucks and vehicles were not properly titled; and
- Invoices and/or purchases were not approved before public funds were expended.

What does a “lack of control” mean?

A “lack of control” refers to a lack of internal controls. Internal controls are processes put in place by a Board of Directors or managers to provide assurance that the right things occur, and the wrong things do not occur. Good internal controls support transparency and compliance with laws, regulations, and other legal obligations. Examples of internal controls are:

- Policies and procedures (e.g. payroll, purchasing, and budgeting policies);
- Separation of duties; and
- Adequate supervision.

THE PROBLEMS

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In the sections that follow, we discuss the identified problems and what we learned. We also identify what the VFCs should be doing to comply with their Parish contract, applicable laws, and best practices. When appropriate, we rely upon guidance from the Louisiana Legislative Auditor's Best Practices. These best practices are a resource for government to support compliance and may be used by private entities performing a public function, such as the volunteer fire companies. They cover such topics as:

- Board Oversight
- Bank Reconciliations
- Fuel Policy and Procedures
- Payroll
- Purchasing and Disbursements

The problems highlighted in this report represent common or prevalent issues affecting the majority of the VFCs audited and/or reviewed. They suggest a systemic or widespread concern for possible waste, fraud, or abuse of public funds paid to the VFCs to provide fire prevention and suppression services for residents. These problems are amplified by the following factors:

- **Lack of standardization:** Lack of standardized policies and procedures across VFCs make it difficult to monitor and ensure the responsible use of public funds;
- **Accountability challenges:** Contracts with the VFCs do not require the VFCs to establish minimum internal controls which makes it difficult to prevent, detect, or act on issues related to misuse of funds; and
- **Enforcement challenges:** The Parish Council contracts with the VFCs but oversight is delegated to the Office of Fire Services (OFS). However, the OFS lacks authority to enforce the contract against the VFCs if they fail to perform. This means there is no effective or efficient mechanism to ensure compliance by the VFCs or otherwise hold them accountable to their obligations.

Louisiana Legislative Auditor (LLA) Best Practices

The LLA provides best practices to help local government entities create their own written policies and procedures. Although the LLA's best practices may not apply equally to non-profit organizations performing a public function, they communicate the minimum level of internal controls that are expected to be implemented by an entity receiving or expending public funds.

THE PROBLEMS

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Five VFCs “Not In Good Standing” For Failure To File Annual Report

All VFCs are registered with the Louisiana Secretary of State as a “Non-Profit Corporation.” Operating a non-profit corporation, like any other corporation, comes with responsibilities and obligations, for example:

- Board governance (e.g. conducting board meetings, maintaining by-laws and records);
- Financial reporting (e.g. filing audited financials with the Louisiana Legislative Auditor);
- Tax compliance (e.g. complying with federal and state tax regulations); and
- Filing annual reports with the Louisiana Secretary of State.

As of August 2023, five VFCs were “not in good standing” for failing to file an annual report. Annual reports are a fundamental obligation of maintaining good corporate standing by serving to update the state on important information about the VFC. State law requires that corporations, including non-profit corporations, make and sign an annual report stating:

- Address of registered office;
- Address of registered agent for corporation;
- Names and addresses of all directors and officers, and when each term expires; and
- Taxpayer identification number.

Failing to file an annual report sounds an alarm that a VFC lacks an understanding of basic corporate obligations or may lack structure to ensure compliance. Failing to file an annual report can also have legal implications, including the termination of a corporation’s existence.

Responding to the JPOIG Audit, Grand Isle VFC wrote in July 2022:

“We are working on filing the annual report; however, this was previously done by our former Assistant Fire Chief, who no longer works for GIVFC, and only he had the sign in credentials for the state website.”

THE PROBLEMS

13

Lack Of Uniformity In Pay Across VFCs

Public funding generated by fire protection districts supports payroll for all VFCs. Although some VFCs have volunteers on their roster of fire persons, most depend on paid fire persons to provide fire prevention and suppression services. See Table #6 for VFCs reporting paid and volunteer fire persons.

Table #6

Volunteer Fire Company	Paid	Volunteer
Lafitte-Barataria-Crown Point Volunteer Fire Company	13	20
Terrytown Volunteer Fire Company	35	0
Harvey Volunteer Fire Company No. 2	33	11
Bridge City Volunteer Fire Company	13	5
Live Oak Manor Volunteer Fire Company	10	2
Avondale Volunteer Fire Company	16	6
Herbert Wallace Memorial Volunteer Fire Company	9	0
Nine Mile Point Volunteer Fire Company	14	4
Marrero-Harvey Volunteer Fire Company	26	0
Marrero-Estelle Volunteer Fire Company	33	0
Marrero-Ragusa Volunteer Fire Company	35	4
Grand Isle Volunteer Fire Company #1	12	3

While all VFCs provide the same services, each VFC can establish their own pay rates and determine benefits. This suggests that fire persons working at Bridge City may not receive the same salary or benefits as fire persons working at Marrero-Harvey, even if they have the same shifts and duties. Additionally, the Fire Chief at one VFC may receive a salary while the Fire Chief at another may be paid hourly. As the Parish Council contracted with each VFC individually for service, the Parish is unable to implement a uniform pay system across all West Bank fire persons.

THE PROBLEMS

14

Eight VFCs Failed To Have Adequate Control Over Payroll

Federal and state labor laws impose mandates affecting maximum working hours and paid overtime for all paid fire persons. Among the problems detected, VFCs failed to calculate payroll amounts properly and/or falsified payroll.

What did we learn?

When we audited, we learned:

- Supervisors did not review/approve timecards;
- Employees were not paid properly for overtime worked;
- Payroll amounts were not properly calculated and/or falsified;
- Employees cashed out more leave than was earned; and
- Payroll records were not supported because of missing timesheets.

What should VFCs do?

The Louisiana Legislative Auditor Best Practices, *Payroll/Personnel*, suggests the following:

- Each employee should complete a time sheet, including daily hours worked;
- Time sheets should be approved by an employee's supervisor;
- Leave should not be advanced or given to employees before it is earned; and
- Each entity should maintain written records to support the amount of leave earned and used.



JPOIG identified **\$2,838,685** in at-risk payroll and an additional **\$638,621** in avoidable, inaccurate, or falsified payroll costs.

“At-Risk” is a quantifiable value or amount of money that **could be** lost, misappropriated, or misspent due to a lack of control, error, or fraud.

Responding to the JPOIG Audit, Grand Isle VFC wrote in January 2022:

“We acknowledge that some mistakes were made in allowing some employees to cash out more [leave] than they should have been able to accrue... We can only chalk this up to ‘human error.’”

THE PROBLEMS

15

Lack Of Controls Over Fire Trucks and Equipment

Public funding generated by taxes for the fire protection districts supports the purchase of costly fire trucks, fire vehicles, and specialized equipment for all VFCs. The VFCs have **\$30.4 million** in assets purchased with public funds that may go unchecked. When we audited, we learned that the VFCs failed to develop and maintain a policy that required them to conduct an annual inventory count.

Table #7

Volunteer Fire Company	Asset Values
Lafitte-Barataria-Crown Point Volunteer Fire Company	\$2,663,944
Terrytown Volunteer Fire Company	\$4,628,306
Harvey Volunteer Fire Company No. 2	\$3,378,435
Bridge City Volunteer Fire Company	\$1,917,525
Live Oak Manor Volunteer Fire Company	\$1,490,705
Avondale Volunteer Fire Company	\$621,374
Herbert Wallace Memorial Volunteer Fire Company	\$760,246
Nine Mile Point Volunteer Fire Company	\$737,853
Marrero-Harvey Volunteer Fire Company	\$6,075,410
Marrero-Estelle Volunteer Fire Company	\$5,387,455
Marrero-Ragusa Volunteer Fire Company	\$2,321,679
Grand Isle Volunteer Fire Company #1	\$385,119
TOTAL ASSETS	\$30,368,051

Responding to the JPOIG Audit, Marrero-Ragusa VFC wrote in October 2016:

“The company of Full Service Technology Solutions is recording all of our equipment and will provide tags.”

JPOIG found a lack of accurate inventory of equipment, and our 2020 follow-up identified two fire pumpers incorrectly titled.

THE PROBLEMS

16

Nine VFCs Failed to Submit Inventory Reports Or Title Assets To The District

VFCs contractually agreed to (1) notify the Director of Fire Services prior to purchasing vehicles or equipment valued at \$100,000 or greater; (2) title property acquired with public funds in the name of the fire protection district; and (3) prepare an inventory of property acquired with public funds.

What did we learn?

When we audited, we learned:

- Vehicles were not titled to fire protection districts;
- Inventory reports were not submitted to the Office of Fire Services (OFS);
- Failed to maintain current or accurate inventory of vehicles; and
- Missing vehicle disposal records.



JPOIG identified **\$15,674,278** in at-risk vehicles.

What should VFCs do?

To ensure compliance with the CEAs, VFCs should consider the following:

- Transfer vehicle titles to fire protection districts;
- Provide inventory reports to OFS on an interim and annual basis;
- Develop policies and procedures to maintain current and accurate inventory of vehicles;
- Develop policies and procedures for disposal records; and
- Provide copies of policies to OFS.

Responding to the JPOIG Audit, Bridge City VFC wrote in July 2023:

“Our 2014 Ford Expedition was purchased in 2014. The contract, requiring this, was not signed until October 16, 2018. The title is in the process of being transferred to the parish at this time.”

THE PROBLEMS

17

Lack Of Control Over Expenditures

Public funding generated by taxes for the fire protection districts also supports purchases of other equipment, fuel, and supplies.

What did we learn?

When we audited, we learned:

- Supervisors did not review/approve fuel statements;
- Fire persons did not put accurate odometer readings in the fuel pump system;
- Supervisors did not review/approve invoices for purchases; and
- Purchases and expenditures were not supported with detailed receipts, such as receipts for hotels and restaurants.

What should VFCs do?

The Louisiana Legislative Auditor Best Practices, *Controls over Gasoline/Diesel and Purchasing and Disbursements*, suggests the following:

- Monitor controls over fuel to ensure purchase and usage is reasonable;
- Purchases should be necessary, budgeted, documented, and approved; and
- More than one individual should be involved for checks and balances.



JPOIG identified **\$152,753** in at-risk fuel expenditures, **\$425,247** in at-risk in other expenditures, and **\$176,465** in unsupported purchases and expenditures.

Annual Financial Report for Live Oak VFC filed with the LLA and dated December 2022 read:
Live Oak “does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements in accordance with generally accepted accounting principles.”
Live Oak is not alone in this significant deficiency. Auditors report the same deficiency for other VFCs.

THE PROBLEMS

18

Eight VFCs Misspent Public Funds

State law prohibits using public funds on certain purchases and expenditures, such as giving employees bonuses or buying meals. In order to comply with state law, the expenditure cannot be gratuitous. There must be a reasonable expectation of receiving at least an equivalent value in exchange for the expenditure of public funds.

What did we learn?

When we audited, we learned the VFCs:

- Used public funds to pay bonuses;
- Used public funds to purchase flowers and pay for parties;
- Used public funds for restaurants and food;
- Used public funds to pay for personal prescriptions;
- Used public funds for non-employee expenditures, like cell phones; and
- Wasted public funds on late fees.

We also learned the Parish paid **\$5,603,802** to a non-existent entity, which was transferred to a VFC and spent.

What should VFCs do?

To ensure compliance with state law, VFCs should consider the following:

- Discontinue the practice of paying bonuses;
- Discontinue using public funds for personal purchases; and
- Gain an understanding of allowable uses of public funds.



JPOIG identified **\$8,532,547** in misspent public funds.

Responding to the JPOIG Audit, Bridge City VFC wrote in June 2023:

“The employees that are here working the fish fry can and do respond to calls for service if needed. After our meeting in February 2023, this was stopped.”

THE PROBLEMS

19

Lack Of Accountability

In June of 2023, the JPOIG surveyed all 12 VFCs to obtain an understanding of their perception of the VFCs' internal controls in place.

The Parish, through the Parish President, has responded to the numerous VFC audits/reviews conducted by the JPOIG from 2013 to 2023. Parish responses have remained fairly consistent even though the reports crossed several Parish Presidents.

What were we told by the VFCs?

- Seven VFCs reported vehicles not properly titled to the Parish as required by the contract (46 out of 128 vehicles were not properly titled);
- Ten VFCs reported having a credit card, with an average of 3 cards per VFC and one with 12, that was used for on-line purchases, convention hotels, food, and subscription services;
- Five VFCs reported their check book was held by a person who signs and mails/distributes checks; and
- Two VFCs did not have a fuel policy.

What were we told by the Parish?

- The VFC officers and management are ultimately responsible for day-to-day operations;
- The VFC officers are accountable to VFC Boards;
- The Office of Fire Services (OFS) has developed and implemented Standard Operating Procedures (SOPs) to ensure VFCs meet their contractual obligations;
- The OFS will refine SOPs to include financial management policies; and
- The OFS will continue to monitor VFCs for compliance.

Two VFCs had material weaknesses, and seven VFCs had significant deficiencies noted in their 2022 audits filed with the Louisiana Legislative Auditor. These deficiencies related to:

- Bank reconciliations;
- Physical inventory of fixed assets;
- Lack of personnel with technical ability to prepare financials; and
- Lack of segregation of duties for financial functions.

When surveyed as to what processes could be improved, ten of twelve VFCs did not respond.

THE SOLUTIONS

20



Consolidation of fire districts

Responding to the JPOIG Audit of Grand Isle VFC, the Parish Council said that it “initiated a process to consolidate several West Bank Fire Departments/Districts into one new fire district... The Council’s goal in establishing a new West Bank Fire District/Department is to cure many of the same problems listed in the draft audit of the Grand Isle Fire Department while at the same time increasing available man power and improving public safety.” The feasibility study is underway.



Consolidation of volunteer fire companies

The Parish Council may choose as an interim or alternative solution to engage in a Request for Proposal (RFP) process to solicit proposals from VFCs to compete for one or more contracts to provide fire prevention services currently provided by twelve individual VFCs. The RFP can address problems identified with current contracts in a statement of work. It may also result in fewer contracts with more specific terms to ensure the responsible use of public funds.



Review, re-negotiate, and amend contracts

The Parish Council may choose to review, re-negotiate, and amend current contracts as an interim or alternative solution to incorporate terms which would ensure the adoption and implementation of standardized policies for:

- Budgeting and purchasing;
- Payroll and timekeeping;
- Expenditures, including fuel;
- Vehicles and equipment;
- Cash, including bank reconciliations; and
- Other minimum operational standards, such as training.





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www.jpoig.net

990 North Corporate Drive, Suite
300

Jefferson, LA 70123

Phone: (504) 736-8962

Hotline: (504) 528-4444

