



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

February 26, 2014

The Honorable Melanie Bueche, President,
and Members of the
Pointe Coupee Parish Police Jury
Post Office Box 290
New Roads, Louisiana 70760

Dear President Bueche:

As you are aware, on September 10, 2013, the Pointe Coupee Parish Policy Jury passed a resolution asking the Louisiana Legislative Auditor to perform an investigation into allegations that (1) compensatory time was being earned by an employee in contravention of Parish policy and (2) an employee was being reimbursed for more than the maximum amount allowable for healthcare deductibles. In addition to these issues, we addressed other concerns that came to our attention during our review. This letter summarizes the results of our work.

Employee's Leave Accruals

According to Parish Administrator Owen Bello, employees at the director level and above are not allowed to earn compensatory leave. We reviewed the employee's payroll records for the period January 2012 through July 2013. According to the records, this employee is employed at a director level and, therefore, should not earn compensatory leave. The payroll records indicate that although the employee kept a record of time worked in excess of her normal work schedule, she did not earn compensatory time. Moreover, during the time period we reviewed, the only leave taken or accrued by the employee was annual and sick leave. Although the employee does keep a record of hours that she works in excess of her normal work schedule, we found nothing to suggest that these hours were being accrued or used as compensatory leave.

Weak Controls over Leave Accruals

During our review of the employee's accrued leave balances, we were informed that employee leave balances (annual, sick, and compensatory) are not recorded or managed through the Parish's payroll software system. The Parish did not purchase the module from the software vendor which allows for managing leave balances in the system. As a result, the Parish Treasurer manually tracks employees' accrued annual and sick leave in an Excel spreadsheet.

Each employee's compensatory leave is manually recorded and managed by his or her supervisor, independent of the Treasurer's tracking of annual and sick leave. The compensatory leave managed by supervisors is not reported to the Treasurer. By having a decentralized system with no independent review of employees' compensatory leave earned and used, the Parish increases its risk of errors and miscalculations going undetected. In addition, because there is no independent review of compensatory leave balances, the Parish cannot ensure compensatory leave is earned and used in accordance with Parish policy.

To reduce this risk, the Parish should (1) consider purchasing the payroll software module for managing leave balances; (2) require the Treasurer or another independent third party manage the compensatory leave accruals; or (3) have the Treasurer or an independent third party periodically audit all employee compensatory leave accruals.

Employee's Reimbursements of Healthcare Deductibles

Based on Parish records, the employee's healthcare insurance deductible reimbursements were \$4,234 for calendar year 2011 and \$244 for calendar year 2012. During our review of the healthcare insurance policy, we were provided with a copy of an email sent to Mr. Bello from Mr. Claude Jarreau, the healthcare insurance representative.

According to Mr. Jarreau's email, the first \$2,000 in insurance deductibles is reimbursed to the employee. Thereafter, the employee is responsible for 20% of subsequent healthcare charges up to a maximum out-of-pocket of \$4,000, of which \$2,500 is reimbursed to the employee. Therefore, the total annual reimbursement to an employee is \$4,500 (\$2,000 + \$2,500). According to Parish records, this policy has been in effect since July 2010. Based on this information, the employee was not reimbursed more than the \$4,500 limit for either calendar year 2011 or 2012.

Other Concerns - Credit Card Expenditures

During our review, we received allegations that employees, during work-related travel, were charging meals on the Parish credit cards, then claiming the same expenses for reimbursement to the employees. Three employees have Parish credit cards: Parish Administrator Owen Bello; Parish Secretary Gerri Martin; and Parish Treasurer Becky Mayeaux. To determine if meals purchased on their credit cards were submitted for reimbursement on expense reports, we compared their credit card purchases from January 2011 through October 2013 to expense reports of the same time period. In our review, we found no instances where employees were reimbursed for meals charged on Parish credit cards.

Good business practices require that unnecessary expenditures be avoided and that all necessary expenditures be properly documented. We noted that in the 34-month period from

January 2011 through October 2013 the Parish failed to remit timely the required minimum amounts due to the credit card company and thereby incurred late fees totaling \$788. In addition, not all meals purchased with credit cards were supported by adequate documentation (i.e., an itemized receipt indicating what was purchased, the signed receipt, documentation of who attended the meal, and the public purpose for the meal). For the time period reviewed, Mr. Bello charged 30 meals totaling \$1,858 and Ms. Martin had three charges totaling \$1,052 for holiday parties, \$793 of which was reimbursed to the Parish by the attendees. These 33 meals were not supported with an itemized receipt indicating the items purchased.

We recommend that the Parish pay its monthly credit card statement timely to avoid the assessment of late fees. We also recommend that adequate documentation for every meal purchased be retained in the Parish's accounting records. Finally, we recommend the Parish seek legal counsel to determine whether it is legally permissible for the Parish to pay holiday party expenses.

Other Concerns - Addressed in Annual Audit or in Work of Others

In addition to the foregoing issues, we began looking into other areas of concern that came to our attention. During our review, we learned that the CPA firm of Faulk & Winkler, LLC, had been contracted by the policy jury to do an in-depth review of certain policies and procedures and to recommend new policies and procedures (addressing our concerns 1-4, below); the police jury passed a resolution prior to the start of our review, stopping and/or resolving some issues (addressing our concerns 5-7, below); and the Parish's annual audit, which contained several recommendations, was released (addressing our concerns in 7-9, below):

1. Controls over the Parish utility department's collections and general operations;
2. Controls over payments to referees officiating at sporting events;
3. Lack of inventory of Parish assets;
4. Inconsistent collection efforts on past due accounts receivable;
5. Parish road construction fund used for unrelated expenses;
6. Part-time employee allowed to work past approved time period voted on by the police jury;
7. Funds from the sale of scrap metal were not deposited into the Parish's bank account, but instead used to fund a parish-wide Christmas party;
8. Violation of state budget law (La. R.S. 39:1310) for two consecutive years; and

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9. Violation of Louisiana investment law (La. R.S. 33:2955).

Considering the foregoing issues were addressed, or were being addressed, in the annual audit and/or through contracted work by others, we elected to not duplicate that work.

We encourage Parish officials to consider our recommendations, and those made by the two CPA firms, and work together to resolve the concerns presented. My staff will continue to monitor your progress. If you have any questions about this letter report, please call Dan Daigle at 225-339-3800.

This is a public report. Copies of this report will be distributed in accordance with state law.

Sincerely,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/ch