

ST. JOHN THE BAPTIST PARISH COUNCIL



COMPLIANCE AUDIT  
ISSUED APRIL 21, 2010

**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA

April 21, 2010

**THE HONORABLE PAT MCTOPY,  
ACTING PARISH PRESIDENT  
ST. JOHN THE BAPTIST PARISH COUNCIL**  
LaPlace, Louisiana

We have audited certain transactions of the St. John the Baptist Parish Council (Parish). Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the propriety of certain financial transactions.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*; therefore, we are not offering an opinion on the Parish's financial statements or system of internal control nor assurance as to compliance with laws and regulations.

The accompanying report presents our findings and recommendations as well as management's response. This correspondence is intended primarily for the information and use of management of the Parish. Copies of this report have been delivered to the District Attorney for the Fortieth Judicial District of Louisiana and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA  
Legislative Auditor

DGP:DD:sr:ja



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## Executive Summary

- The Parish may have violated Louisiana law<sup>1</sup> by purchasing \$158,000 in parts and materials from Parson and Sanderson, Inc., without obtaining competitive bids for the parts.
- The Parish does not have a policy to establish guidelines, restrictions, or approval for the use of credit cards. We examined credit card documentation for one card for the period January 2008 to September 2009 and found that itemized receipts were missing for 125 (65%) of these transactions totaling \$13,704 (54%).
- From January 2008 to September 2009, the former Parish president received \$16,583 for monthly car allowances or mileage reimbursements. During this time period, the former Parish president also purchased gasoline for his personal vehicle with Parish funds. Because the car allowance is not established in ordinance or defined as to the expenses the allowance covers, we could not determine if the gasoline purchases were duplicate benefits to the former Parish president.
- An insurance consultant to the Parish may have performed duties outside his scope of services. The additional services may have resulted in one dental insurance vendor receiving preferential treatment.

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<sup>1</sup> R.S. 38§2212.1 provides, in part, “All purchases of any materials or supplies exceeding the sum of twenty thousand dollars to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised, and no such purchase shall be made except as provided in this part.”

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### **Public Bid Law**

In November 2008, the Parish advertised a Request for Proposal (RFP) for hourly rates for general pump repair. Parson and Sanderson, Inc., was the only proposer and was awarded the contract. The RFP and the contract contained a clause requiring the contractor to supply all parts and materials necessary to repair the pumps, but did not require prices to be included in the response. From January 2009 to September 2009, the Parish purchased parts totaling \$157,024 from Parson and Sanderson with two types of parts totaling over \$20,000 each. At the time the parts were purchased, Louisiana law<sup>1</sup> required that all materials and supplies exceeding \$20,000 be advertised and let to the lowest responsible bidder. However, since the parts and materials were not competitively bid, the Parish may have violated Louisiana law.<sup>1</sup>

We recommend the Parish identify parts and materials which are used on a regular basis and may exceed the public bid law threshold and ensure the identified items are bid according to Louisiana law. As of August 15, 2009, Louisiana law requires all material and supply purchases exceeding \$30,000 to be advertised and let by contract to the lowest responsible bidder.

### **Credit Card Usage**

The Parish has three credit cards that are used by the Parish president, Parish council, and Economic Development director; however, the Parish does not have a credit card policy to establish guidelines and restrictions for the use of the credit cards. We examined the former Parish president's credit card for the time period January 2008 to September 2009 and found 191 transactions totaling \$25,278. Itemized receipts were missing for 125 (65%) of these transactions totaling \$13,704 (54%). As a result, we could not determine if these expenditures were reasonable and served a public purpose.

The cardholders receive a copy of their monthly credit card statements for review and provide the appropriate receipts to the finance department. The finance department also receives a copy of the credit card statements for review and recordkeeping; however, the statements and receipts are not reviewed and approved by the employee's supervisor or the Parish council before payment.

During our review of the credit card statements, we noted a meal purchase in excess of \$2,000. This purchase did not have adequate documentation to explain the public purpose nor provide names of who attended the meal. We also noted two other meal charges in excess of \$1,000 that were incurred on a trip to Las Vegas. Mr. William Hubbard, the former Parish president, stated that Parish and non-Parish employees attended these meals for economic development reasons and that he typically wrote the names of the attendees of meals on the back of the receipts. However, the receipts included with the credit card statement for these three meals did not include any names or other documentation that listed the attendees or the purpose. Mr. Hubbard further stated he gave all his receipts to the finance department.

Since the Parish administration did not maintain all documentation to support credit card purchases, we could not determine the business purpose, necessity, or reasonableness of the purchases or if the purchases benefited the Parish. Purchases with no valid business purpose, that are not necessary to the operations of the Parish or that are made at an unreasonable price may be a violation of the Louisiana Constitution,<sup>2</sup> which prohibits the donation of public funds. The Attorney General provides guidance with regard to the Louisiana Constitution<sup>2</sup> in Opinion No. 07-0134, which outlines a three-prong test for the expenditure of public funds as follows:

1. There must be a public purpose.
2. When taken as a whole, the expenditure does not appear to be gratuitous.
3. There must be evidence demonstrating that the public entity has a reasonable expectation of receiving a benefit or value at least equivalent to the amount expended or transferred.

We recommend the Parish administration:

- (1) require itemized receipts for credit card purchases;
- (2) require a supervisor or council approval of credit cards purchases before payment; and
- (3) implement a credit card usage policy that outlines guidelines and restrictions for credit card usage and requires documentation of the business purpose and attendees of all meals charged to the Parish credit card.

### **Car Allowance**

From January 2008 to September 2009, former Parish president, Mr. Hubbard, received \$16,583 through an \$800 per month car allowance or a monthly mileage reimbursement. The parish's annual budget included funding for this allowance, but there is no ordinance authorizing the allowance or defining what expenses the car allowance covered and if any additional expenses were reimbursable. Both Mr. Vince Lucia, Parish finance director, and Mr. Ronnie Smith, council president, stated the car allowance was always provided to past Parish presidents for use of their personal vehicle; however, there was no policy to define what costs are covered by the allowance.

During the time that Mr. Hubbard received the car allowance, he also charged \$4,114 in gasoline to a Parish credit card. Because the car allowance is not defined in an ordinance or policy, we could not determine if the gas purchases were a duplication of benefits. In addition, Mr. Hubbard did not keep a mileage log to document the public purpose of his gas purchases. Mr. Hubbard stated that he personally purchased a vehicle that was used exclusively for his work

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<sup>2</sup>**Article 7, Section 14 of the Louisiana Constitution** provides, in part, that 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.

as Parish president and that all gasoline purchases were used in that vehicle. In October 2009, the Parish purchased a vehicle for the Parish president's use, but there is no mileage log or documentation regarding its use or the public purpose.

We recommend the Parish:

- (1) adopt ordinances for all payments to elected Parish officials, including a definition of the expenses covered by the payment;
- (2) require mileage logs documenting public purpose for all mileage reimbursements; and
- (3) require all employees who operate Parish vehicles to maintain mileage logs documenting the mileage, destinations, and public purpose for the travel.

### **Insurance Consultant Pay for Questionable Services**

In October 2006, the Parish hired Mr. Scott Fontenot of Fontenot and Associates, LLC, to assist in analyzing and calculating the Parish's postemployment benefits liability for the financial statements. The Parish subsequently hired Fontenot and Associates again in 2008 through an oral agreement to evaluate and analyze insurance proposals. During his work, Mr. Fontenot may have performed duties outside of the scope of services by participating in the RFP process for dental insurance and soliciting a vendor for a rate change. Because the invoices from Fontenot and Associates, LLC, do not provide sufficient detail, we could not determine if the Parish paid for services outside the scope of the contract.

In July 2008, the Parish advertised a RFP for employee dental insurance that required proposals to be submitted by September 4, 2008. Because of Hurricane Gustav, the deadline was extended to September 18, 2008. By September 18, 2008, the Parish had received 14 proposals for dental coverage. At the September 23 Parish council meeting, a motion was passed that authorized the Parish administration to open the proposals the following morning. Mr. Fontenot was hired as a consultant for the Parish to evaluate and analyze the proposals. Based on Mr. Fontenot's analysis, the Parish administration selected Lagniappe Industries and Tatje Financial Services as finalists. Both Lagniappe Industries and Tatje Financial Services submitted Guardian Life Insurance Company of America proposals and had identical pricing for the policies.

On October 2, 2008, Ms. Stacey Cador, director of Human Resources, received an e-mail from Mr. Fontenot indicating that Lagniappe Industries had submitted a price change to him for its dental proposal. Ms. Dawn Whitmer, the agent for Lagniappe, stated she submitted a price change after Mr. Fontenot called her and Guardian to request a revised quote after the September 18, 2008, deadline. Ms. Whitmer then requested a price reduction from Guardian,

who authorized a rate reduction for the employee only dental insurance from \$15.99 to \$14.99 per month per policy. Ms. Whitmer sent the revised quote to Mr. Fontenot. Ms. Natalie Tatje, the other finalist, stated she was never provided an opportunity by Mr. Fontenot or any other member of the Parish administration to change her rates or revise her proposal and she was not aware Lagniappe Industries had lowered its quote. Ms. Tatje subsequently withdrew, but she stated her withdrawal was not related to Lagniappe's revised quote. We requested a meeting to discuss the revisions to Lagniappe's proposal with Mr. Fontenot, but through his attorney, Mr. Fontenot declined to speak to us. Ms. Cadour stated that Mr. Fontenot was not a point of contact for any of the insurance agents who submitted proposals and she did not know why Lagniappe's rate reduction would have gone through Mr. Fontenot or why he would have negotiated with an insurance agent about the rates. Mr. Fontenot may have performed duties outside of the scope of services by participating in the RFP process and soliciting a vendor for a rate change. On October 13, 2009, the Parish council removed Ms. Whitmer as the agent of record for its dental insurance.

According to Mr. Lucia, the Parish had a verbal contract with Mr. Fontenot for 2008 to perform an analysis and cost appraisal of insurance plans and to update his previous actuarial valuations. However, Fontenot and Associates' previous work for the parish in 2006 was performed under the terms of an engagement letter which required hourly rates for various job titles and that only hours incurred to be invoiced with detailed billing with hourly rates. The first invoice submitted to the Parish by Fontenot and Associates in 2008 was for services rendered in the first and second quarter and totaled \$7,500. The second invoice submitted to the Parish was for the GASB 45 actuarial valuation of post employment benefits for the remaining \$7,500. Both invoices were paid by the parish, but did not list the job titles or name of the consultant, related hourly rates or the hours worked by the employees of Fontenot and Associates as stated in the terms of the previous engagement letter. In the Parish's response, Mr. Fontenot indicates that the 2006 engagement letter was valid in the year 2006, but was not valid for his invoices in 2008.

We recommend the Parish:

- (1) promote fair competition by ensuring all vendors are afforded equal opportunities during the RFP process;
- (2) ensure consultants perform only the scope of services listed in the contract;
- (3) require all contractors to invoice according to the terms of their contract; and
- (4) require written contracts including, but not limited to, the length of the contract, contractual obligations, contractual procedures, and payment terms.

The Parish is located in southeast Louisiana and has a population of approximately 47,000. The Parish is governed under the provisions of the Home Rule Charter and operates under a Parish president-Parish council form of government.

The examination was performed to investigate allegations regarding several Parish contracts. The procedures performed during the examination included:

- (1) interviewing Parish employees;
- (2) interviewing other related persons;
- (3) examining selected documents of the Parish; and
- (4) reviewing applicable state laws and regulations.

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## Management's Response





# ST. JOHN

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THE BAPTIST PARISH

**Patrick McTopy**  
Acting Parish President

*Office of the Parish President*

March 25, 2010

Mr. Kevin Kelly  
Louisiana Legislative Auditor  
1600 North Third Street  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Mr. Kelly:

In response to items addressed in the Draft Compliance Audit recently conducted on the accounts of St. John the Baptist Parish, I submit the following:

## **PUBLIC BID LAW**

The Parish makes every effort to comply with all provisions of the Public Bid Law. To further this intent, the Parish sends directors and employees to seminars on the Public Bid Law, consults with Legal Counsel on a regular basis on the law, consults with representatives of the Attorney General's Office regarding the Bid Law and discusses the importance of adhering to the Public Bid Law regularly at weekly meetings attended by all department directors.

The Draft Compliance Audit indicates that there were two (2) purchases for parts from Parson and Sanderson totaling over \$20,000.00 each. Upon review of the 2009 Parson and Sanderson purchases, I did not find any individual purchases of parts over \$20,000.00. I respectfully submit that the Parish uses numerous sizes, models and manufactures of pumps in its 200 plus sewer lift stations and 7 treatment plants and that it would be impractical to bid in advance the tens of thousands of parts required for all of these pumps. Individual parts totaling in excess of the \$30,000 bid limit will be advertised and awarded to the lowest bidder on an as needed basis.

Although the Parish has followed procedures in place for many years when purchasing replacement pumps, it recognizes that the cumulative total of all new pumps purchased during the year will exceed the bid limit and as such has recently advertised for and received bids on pump purchases.

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In addition, the Parish is reviewing all parts and materials which are used on a regular basis that may exceed the Public Bid Law threshold and will bid them in accordance with Louisiana law.

Finally, we will consult with other governmental agencies to determine how they procure these parts and materials and incorporate any recommended changes into the Parish's written purchasing policies.

### **CREDIT CARD USAGE**

The Parish recognizes the potential for abuse of credit cards and as such has only two (2); one for the Economic Development Department and one for the Council. In addition, I submit that the Parish performed an extensive revision to its General Travel Regulations on March 11, 2008. I am enclosing a copy for your review. Sections 7.0 (Parish Credit Cards) and Section 12.0 (Entertainment Expenses) addresses issues relative to credit cards. They provide as follows:

#### **SECTION 7.0 - PARISH CREDIT CARDS**

All Parish-issued credit cards are the property of St. John the Baptist Parish Council and are to be used for parish-related expenses only. The cardholder has fifteen (15) days from the date of expense to submit original receipts and other supporting documentation to the Finance Department. If it is determined that the expense is not a parish-related expense, then the cardholder shall be required to reimburse the Parish within fifteen (15) days of written notice. The Finance Department shall be responsible for cancellation of Parish credit cards for cardholders terminating from Parish service.

#### **SECTION 12.0 - ENTERTAINMENT EXPENSES (Excerpt Only)**

Entertainment expenses are considered appropriate when the activity, i.e. meals or hospitality gatherings, are directly related to, associated with, or considered conducive to official Parish business. Fiscal prudence should be the guide for all such activity.

Each voucher shall contain a detailed itemization of expenses incurred and a statement of the date, place and the nature of business conducted as well as the names of those present and their business relationships to the Parish. Vouchers for expenditures must be accompanied by detailed restaurant/entertainment receipts (as opposed to stub-receipts).

These sections require original receipts and supporting documents and a detailed itemizing of expenses incurred; however, the Parish recognizes the

need to update its policies in light of the Legislative Auditors recommendations and as such will make the following recommendations to the Parish Council:

1. Amend the policy to require Department Directors approval of purchases by Parish Employees.
2. Amend the policy to require that the Chief Administrative Officer approve credit card purchases for Department Directors.
3. Amend the policy to require that the Parish President approve credit card purchases for the Chief Administrative Assistant.
4. Amend the policy to require that the Parish Finance Advisor approve credit card purchases for the Parish President.
5. Amend the policy to require that the Parish Council Chairman approve credit card purchases for the Council Members.
6. Amend the policy to require that the Finance Committee Chairman approve credit card purchases for the Council Chairman.
7. Amend Section 7.0 of the General Travel Regulation Policy to incorporate pertinent provisions of Article 12.0. This will implement recommendation 3b under the Credit Card Usage section.

#### **CAR ALLOWANCE**

Section 10-2(b) of the Parish General Travel regulations provides for mileage allowance for public use of privately-owned vehicles including those owned by Elected Parish officials. It requires that the vehicle be used while conducting official Parish business and states that mileage shall be computed on the basis of odometer readings from point of origin to point of return or by using a vehicle mileage calculator. The policy will be amended to require documentation of the public purpose for all mileage reimbursements.

Regarding the recommendations that all employees who operate Parish vehicles maintain mileage logs documenting the mileage, destinations, and public purpose for the travel; I submit the Parish has implemented a Global Positioning Satellite (GPS) System for all Parish vehicles except those used by Department Directors and the Parish President. This system produces a broad array of very detailed reports including times and destinations. Department Directors have been instructed to have these reports reviewed on a daily basis. The system will be expanded to include Parish vehicles used by Department Directors and the Parish President.

Finally, an ordinance will be prepared which addresses the Parish President's car allowance. The ordinance will provide for the amount of the car allowance and define what expenses are covered by the car allowance and if any additional expenses are reimbursable.

**INSURANCE CONSULTANT PAID FOR QUESTIONABLE SERVICES**

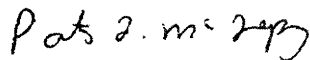
We take the recommendations contained within this item very seriously. As such we will inform all Department Directors and appropriate staff in the Finance Department of the issues presented and the recommendations of the Legislative Auditors. We will reinforce our commitment to promote fair competition.

Regarding the payment to Fontenot & Associates, LLC I am attaching a copy of Mr. Fontenot's response. His response indicates that invoicing under the 2006 Engagement was billed in 2006 and 2007 to the past administration. The payments totaling \$15,000.00 made in 2008 and 2009 were for other services including RFP (Request for Proposal) development regarding the Parish's Group Hospitalization, Dental and Life Insurance Programs as indicated on invoice # 1550 which is enclosed. These services include guidance and assistance throughout the 2008 insurance renewal process including numerous meetings and discussions regarding retiree healthcare as it relates to the Parish's GASB 45 liability; review of correspondence to be sent to Medicare Parts A&B-eligible retirees; advisement on projected timeline of renewal process; preparation of RFP, evaluation of proposals; and preparation of spreadsheets.

In conclusion, I wish to thank the Louisiana Legislative Auditors Office for this opportunity to respond to the Draft Compliance Audit.

If you have any questions, please do not hesitate to call my office at 985.652.9569.

Sincerely,



Patrick T. McTopy  
Acting Parish President

Attachment

Cc: Jeff Perilloux  
Tom Daley  
Vince Lucia

<b>ST. JOHN THE BAPTIST PARISH COUNCIL</b>		<b>FISCAL POLICIES AND PROCEDURES</b>	
<b>SUBJECT:</b> <b>GENERAL TRAVEL REGULATIONS</b>	<b>ISSUED</b> 12/01/1988	<b>REVISED</b> 3/11/08	<b>NO.</b> Page 1 of 13
	<b>APPROVED</b> <i>Patricia Hubbard</i> 3-17-08		

### 1.0 POLICY:

Parish Officers and employees of St. John the Baptist Parish Council may charge against Parish accounts normal and reasonable travel and travel-related expenses incurred for a Parish business purpose.

### 2.0 TRAVEL REGULATIONS:

Pursuant to the authority extended by the Louisiana Constitution, the following travel regulations have been established by the St. John the Baptist Parish Council. The regulations and allowances contained herein pertain to travel of Parish Officers, Parish employees, and Parish Council Members on official Parish business, the expenses incurred thereon and the maximum claims for reimbursement that will be allowed. These regulations apply to all Parish agencies, boards, and commissions created by the Parish Council and operating from funds appropriated, dedicated, self-sustaining and/or federal funds.

### 3.0 DEFINITIONS:

For the purposes of this section, the following words have the meaning indicated:

**Authorized Persons** - Advisors and consultants. Reimbursement of travel expenses for authorized persons shall require prior written approval from the Parish Council.

**Conference/convention** – A meeting (other than routine) for a specific purpose and/or objective. Non-routine meetings can be defined as a seminar, conference, convention, or training. Documentation required is a formal agenda or program, or Letter of Invitation, or registration fee. Participation as an exhibiting vendor in an exhibit/trade show also qualifies as a conference. For a hotel to qualify for conference rate lodging, requires that the hotel is hosting or is in "conjunction with hosting" the meeting. In the event that the designated conference hotel(s) have no room availability, a Department Head may approve to pay actual hotel cost not to exceed the conference lodging rates for other hotels located near the conference hotel.

**Extended Stay** – Any assignment made for a period of 31 or more consecutive days at a place other than the official domicile.

**In-State Travel** - All travel within the borders of Louisiana or travel through adjacent states between points within Louisiana when such is the most efficient route. With the exception of Council travel, all in-state travel must be approved by the Parish President prior to the time the travel is accomplished. Travel expenses shall not at any time exceed the budgeted travel allowance of any budget or department.



<b>ST. JOHN THE BAPTIST PARISH COUNCIL</b>	<b>FISCAL POLICIES AND PROCEDURES</b>		
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	<b>APPROVED</b> <i>Bill Hubbard</i> 3-17-08		

#### **4.0 ELIGIBILITY FOR REIMBURSEMENT OF TRAVEL EXPENSES:**

All Parish Officers and employees are eligible to receive reimbursement for travel and subsistence only when away from "official domicile" on temporary assignment.

Temporary assignment will be deemed to have ceased after a period of thirty-one (31) days, and after such period, the place of assignment shall be deemed to be his official domicile. He shall not be allowed travel and subsistence unless permission to extend the thirty-one (31) day-period has been previously obtained from the Parish Council.

Parish Officer will be reimbursed on an actual expense basis except in cases where other provisions for reimbursement have been made by statutes and/or cited herein. In cases where actual expenses are claimed, all Parish Officers and employees will cooperate to the extent that all records of travel will be clear and complete. Receipts and other supporting documents must accompany the request for reimbursement.

All mileage or usage credits awarded by transportation, credit card, or other travel service companies are to be assigned to St. John the Baptist Parish Council.

Any travel expenses considered unreasonable under the circumstances will not be paid or reimbursed and are the traveler's personal responsibility. Employees will not be reimbursed for the travel (including lodging and meal) expenses of their spouses or other non-employees who may accompany the employee while traveling.

No reimbursement will be made when there is no cost incurred by traveler. This includes but is not limited to reimbursements for any lodging and/or meals furnished by any other party at no cost to the traveler. In no case will a traveler be allowed mileage or transportation when he/she is gratuitously transported by another person.

#### **5.0 TRAVEL AUTHORIZATION AND APPROVAL:**

Travel expenses shall be limited to those expenses necessarily incurred in the performance of a public purpose authorized by law or regulation, and must be within the limitations prescribed. Under normal circumstances, travelers should use the most appropriate form of transportation available, book the least expensive fares, and stay in and eat at moderately priced establishments.

Upon determining that a trip is necessary, a "Travel Authorization" (T/A) form (See Exhibit A) must be filled out. T/A forms for:

- Employees must be approved by the Department Head and the CAO
- Department Heads must be approved by the Chief Administrative Officer
- Chief Administrative Officer must be approved by the Parish President.

<b>ST. JOHN THE BAPTIST PARISH COUNCIL</b>	<b>FISCAL POLICIES AND PROCEDURES</b>		
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The Parish President and the Parish Council control their own travel approvals.

A file shall be maintained on all approved travel authorizations and related travel expenses at the departmental level and by the Finance Department.

### **6.0 ADVANCE PAYMENTS:**

Persons traveling on official Parish business will provide themselves with sufficient funds for all routine expenses. No cash advances for travel expenses will be made with the exception of meals and incidental expenses. All other travel expenses will be covered by the traveler and will be promptly reimbursed upon completion of approved travel and submission of appropriate documentation. The advanced rates for meals allowances and incidental expenses shall be determined by Sections 8.3 and 11.0, respectively, for the number of days in travel status.

Payment of conference registration fees may be requested in advance and such registrations will be made out to the organization sponsoring the conference. Likewise, payment of lodging expenses may be requested in advance and payment shall be made out to the hotel. (See Section 8.2 regarding lodging expenses.)

Department Heads and employees may request advance payment of meal and incidental expenses using the "Request for Travel Advance – Form A" (See Exhibit B). Similarly, the Parish President and Parish Council Members may request advance of meal and incidental expenses using the "Request for Travel Advance – Form E" (See Exhibit C).

"Request for Travel Advance" forms (Form A or E, as applicable) should be submitted to the office of the Chief Administrative Officer at least ten (10) working days prior to the date of approved travel. The Finance Department should then receive the approved request form from the Chief Administrative Officer (CAO)'s office within seven (7) working days prior to the date of approved travel for funds to be disbursed timely.

In cases where funds were advanced to traveler for meals and incidentals, or where check was issued to hotel for lodging expenses, traveler shall submit receipts to the office of the CAO within five (5) business days of returning from approved travel. Additionally, any excess funds must be returned to the Parish at that time.

### **7.0 PARISH CREDIT CARDS:**

All Parish-issued credit cards are the property of St. John the Baptist Parish Council and are to be used for Parish-related expenses only. The cardholder has fifteen (15) days from the date of expense to submit original receipts and other supporting documentation to the Finance Department. If it is determined that the expense is not a Parish-related expense, then the cardholder shall be required to reimburse the Parish within fifteen (15) days of written notice.

<b>ST. JOHN THE BAPTIST PARISH COUNCIL</b>	<b>FISCAL POLICIES AND PROCEDURES</b>		
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The Finance Department shall be responsible for cancellation of Parish credit cards for cardholders terminating from Parish service.

## **8.0 LODGING AND MEALS:**

### **8.1 Single Day Travel**

Meal expenses for single day travel (i.e. travel with no overnight stay) are eligible for reimbursement when all of the following conditions are met:

- travel is outside of St. John the Baptist Parish
- traveler is on travel status for a minimum of four (4) hours
- travel includes the hours 11:00 a.m. – 1:00 p.m. or 5:00 p.m. – 7:00 p.m.

The maximum allowance for meal reimbursement in such cases will be \$24.00. The maximum allowance for incidentals shall be \$20.00. No advances shall be given for single-day travel.

Employee's Department Head is to determine reasonableness of when an overnight stay is justified.

### **8.2 Travel with Overnight Stay**

Hotel reservations made with a Parish credit card for approved travel for Department Heads and employees shall be coordinated through the office of the Chief Administrative Officer. Payment of lodging expenses may be requested in advance and payment shall be made out to the hotel.

In cases where Parish Officers or employees use personal credit cards to cover lodging expenses, actual lodging expenses shall be reimbursed when the request for reimbursement is supported by an original receipt. The rate of reimbursement for lodging while attending a conference, convention, or seminar shall not exceed the special rate charged at the hotel of the conference, convention, or seminar site. If lodging at the special rate at the hotel of the conference, convention, or seminar site is not available, the rate of reimbursement shall be based on reasonableness. Reimbursement for lodging without adequate supporting documentation, as required by the IRS, shall be made at a rate not to exceed the applicable IRS Federal Lodging Rate.

In an effort to obtain the most reasonable and cost-efficient rates when considering hotel accommodations, the traveler should make sure to choose sites within reasonable vicinity of the location where Parish business is being conducted.

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Any and all miscellaneous hotel room expenses shall be borne by the traveler, with the exception of business-related long distance calls and telephone access charges on all calls if charged by the hotel. No reimbursements are allowed for functions not relating to a conference, i.e. tours, dances, etc.

It is the responsibility of the traveler to cancel any room reservation he/she will not be using. A record of the cancellation number should be kept, in case of billing disputes. **NOTE:** Cancellation time deadlines are based on the location of the property (e.g. Eastern Standard Time when the property is in Washington, D.C.).

If a Parish Officer or employee fails to cancel a reservation in a timely fashion, he/she may be held responsible for any cancellation fees. A written explanation for any failure to cancel must be filed.

(See Exhibit D for tips when making hotel reservations and checking into hotels.)

### 8.3 Meals with Overnight Stay

Travelers may be reimbursed for actual meal expenses not to exceed the below-listed rates. In the alternative, travelers may request a per day allowance for meals and tips not to exceed \$73.00 per day prorated on a full day basis with the following amounts assigned:

Breakfast .....	\$14.00
Lunch .....	\$21.00
Dinner .....	\$38.00
	<u>73.00</u>

(See section 6.0 regarding advance payments for meals).

Prorated meal allowances will not routinely be given when provided meals, such as in-flight meals and meals included as part of registration fees, are available. If a prorated meal allowance is claimed when a provided meal is available, a statement explaining the circumstances must accompany the Expense Statement.

Any request for reimbursement exceeding the per diem rate (not to exceed 25% over the above-listed rates) must be substantiated with original receipts for the total expense along with a statement justifying the overage, and may be approved on a case-by-case basis.

### 9.0 TRAVEL ROUTES:

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The most direct and usually traveled route must be used for official Parish travel. Any significant expense caused by deviation from the most direct route must be substantiated by appropriate documentation.

When side trips are made along with authorized trips, expenses will be allowed for the most direct and usually traveled route.

## **10.0 METHOD OF TRANSPORTATION:**

The most cost-effective method of transportation that will accomplish the purpose of the travel shall be selected. A common carrier (airplane, bus, or train) should be used for out-of-State travel.

### **10.1 Air Travel**

#### **10.1 (a) Commercial Airlines**

Air travel for Department Heads and employees for approved travel using a Parish credit shall be coordinated through the office of the Chief Administrative Officer. Air travel for Parish Officers and employees will only be provided or reimbursed at coach or economy-class rates.

In cases where a Parish Officer or employee uses a personal credit card to arrange air travel at first-class air rate, the difference between the air coach or economy-class rates and first-class air rates will be paid by the traveler. If space is not available in less than first-class air accommodations in time to carry out the purpose of the travel, the traveler will secure a certification from the airline indicating this fact. This certification will be attached to the expense statement.

When use of privately-owned automobiles for out-of-state travel is approved by the Department Head and Chief Administrative Officer in the case of employees, the traveler shall be reimbursed travel cost (transportation, lodging, meals while en route) not to exceed the cost of travel by coach/economy-class air rates. Employees should schedule vacation or compensatory time off if extra time off the job is required to accommodate their preference not to use a common carrier.

Any unused tickets purchased using a Parish-credit card (or in the case of an e-ticket, a hardcopy of the reservation, including flight information) must be promptly returned to the Finance Department.

#### **10.1 (b) Privately-owned Aircrafts**

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Use of a privately-owned aircraft is permitted. Travel by a privately-owned aircraft is authorized if the traveler can certify that: (1) at least one hour of working time will be saved by such travel; and (2) no other form of transportation, such as commercial air travel will serve this same purpose.

Reimbursement for use of a privately-owned aircraft under the above guidelines will be made using the State-approved rate.

## **10.2 Motor Vehicle**

Travelers using either Parish-owned vehicles or personally-owned vehicles on official Parish business will be reimbursed for storage and parking fees; ferry fares; and road, bridge, and tunnel tolls. Receipts are required and must accompany expense statement. Department Heads may waive in writing the parking receipt requirement when employees utilize parking areas where receipts are not given. Examples are: parking meters and parking lot boxes where individual inserts the parking fee. The employee shall prepare a statement giving the reason the exception to the regulation is needed and state the parking method used [i.e. parking meter (street address must be shown); parking garage/lots where no receipt is given (lot name and address must be listed)]. The statement shall be approved by the Department Head and attached to the travel expense statement.

### **10.2 (a) Parish-owned Vehicles**

No Parish Officer or employee may operate a Parish-owned vehicle without having in his/her possession a valid State of Louisiana Driver's License. No Parish-owned vehicle may be operated in violation of the generally recognized state or local laws.

All accidents, major and minor, involving Parish-owned vehicles must be reported to the Risk Manager, together with the names and addresses of available witnesses and principals.

Travelers in Parish-owned vehicles who purchase equipment and incur repairs while on travel status, shall make use of all fleet discount allowances and Parish bulk purchasing contracts where applicable and invoice repairs. Each department shall familiarize themselves with the locations of such firms doing business with the Parish by contacting the Purchasing Office.

No Parish official or employee shall carry unauthorized passengers in Parish-owned vehicles.

### **10.2 (b) Personally-owned Vehicles**

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A mileage allowance shall be authorized for travelers approved to use personally-owned vehicles while conducting official Parish business. Mileage shall be reimbursed using the State-approved rate. Mileage shall be computed by one of the following options:

- On the basis of odometer readings from point of origin to point of return.
- By using a website mileage calculator or a published software package for calculating mileage such as Tripmaker, Mapquest, etc. Traveler is to print the page indicating mileage and attach it to his/her travel expense form.

No personally-owned vehicles may be operated on official Parish business in violation of generally recognized state and local laws including automobile insurance coverage requirements as provided by State law.

All accidents, major or minor, involving personally-owned vehicles occurring while being used on official Parish business must be reported immediately in writing to the Parish's Risk Manager, together with the names and addresses of addresses of available witnesses.

When two or more persons travel in the same personally-owned vehicle, only one charge will be allowed for the use or expense of the vehicle. The person claiming reimbursement shall report the names of the other passengers.

When a Department Head is required to use his/her personally-owned vehicle for Parish activities in the immediate vicinity of his official domicile, the Parish President may authorize a lump sum allowance for transportation (mileage) in lieu of a Parish-supplied vehicle. If the Parish President chooses to use his own personal vehicle in lieu of a Parish-supplied vehicle, the Parish President will receive a lump sum fee each month. Both the Parish President's and the Department Heads' lump sum allowances will be allocated in the Parish's annual operating budget.

A traveler shall never receive any benefit from not living in his/her official domicile. In computing reimbursable mileage to an authorized travel destination from a Parish Official's or employee's residence outside of the official domicile, the individual is always to claim the lesser of the miles from his/her official domicile or from his/her residence. If an employee is leaving on a non-work day or leaving significantly before or after work hours, the department head may determine to pay the actual mileage from the employee's residence.

The department head may approve an authorization for routine travel for an employee who must travel in the course of performing his/her duties; this may

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include domicile travel if such is a regular and necessary part of the employee's duties, but not the attendance at infrequent or irregular meetings, etc. within city limits where his/her office is located.

The traveler shall be required to pay all operating expenses of the vehicle including but not limited to, fuel, repairs, replacement parts, and insurance.

**10.2 (c) Rented Motor Vehicles (Receipts Required)**

Rental vehicles may be allowed for use on official Parish business at a destination outside of the domicile of the Parish Officer or employee.

**Approvals.** Written approval of the department head prior to departure is required for vehicle rentals. Such approval may be given when it is shown that vehicle rental is the only or most economical means by which the purposes of trip can be accomplished.

**Vehicle Rental Size.** Only the cost of a compact model is reimbursable, unless (1) non-availability is documented, (2) the vehicle will be used to transport more than two persons, or (3) the cost of a larger vehicle is no more than the rental rate for a compact. When a larger vehicle is an option as stated in (1) or (2) above, the upgraded vehicle shall be the next smallest size necessary to accommodate the number of persons traveling.

**Personal Rental Days.** Any personal rental days on a vehicle rented for official Parish business is not reimbursable and shall be deducted.

**Gasoline (Receipts Required).** The Parish's preference is to purchase gasoline at reasonable cost from a local gasoline station prior to returning the rental. Pre-paid Fuel Options are only to be allowed when the traveler can document that the pre-purchased amount was necessary and that the amount charged by the rental company is reasonable in relation to local gasoline cost.

**Insurance for Rental Vehicles.** Due to periodic changes in the Parish's insurance coverage, the Risk Manager should be contacted at 985-652-2222 prior to travel if traveler plans to rent a vehicle and seek reimbursement for rental. Should a collision occur while on official Parish business, the accident should be reported to the Risk Manager as soon as possible.

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### 11.0 INCIDENTAL EXPENSES:

The following expenses incidental to travel may be advanced to traveler:

- Communication expenses relative to official Parish business
- Storage and handling
- Taxi, shuttle, limousine, train and bus fares
- Vehicle rental when determined to be necessary
- Tips (excluding meal tips)
- Parking and tolls
- Laundry

Travelers may be reimbursed for actual incidental expenses not to exceed \$50.00 per day. In the alternative, the traveler may request a per day advance for incidentals not to exceed \$50.00 per day. (See section 6.0 regarding advance payments for incidentals).

Any request for reimbursement exceeding the per diem rate (not to exceed 25% over the \$50.00 limit) must be substantiated with original receipts for the total incidental expenses along with a statement justifying the overage, and may be approved on a case-by-case basis.

### 12.0 ENTERTAINMENT EXPENSES:

Entertainment expenses are considered appropriate when the activity, i.e. meals or hospitality gatherings, are directly related to, associated with, or considered conducive to official Parish business. Fiscal prudence should be the guide for all such activity.

Entertainment of individuals who have an interest in Parish business may be conducted by Parish Officers. Where circumstances justify entertainment by employees other than those specified, the prior approval of the employee's Department Head and the Parish President's Office must be obtained.

In the case of employees, requests for reimbursements of entertainment expenses must be approved and/or justified by Department Head and submitted to the Finance Department for reimbursement along with documentation of prior approvals.

Each voucher shall contain a detailed itemization of expenses incurred and a statement of the date, place and the nature of business conducted as well as the names of those present and their business relationships to the Parish. Vouchers for expenditures must be accompanied by detailed restaurant/entertainment receipts (as opposed to stub-receipts).

Expenses for entertainment of a personal nature are not allowable as a Parish expense, and reimbursement will be denied in such cases.

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**13.0 NON-REIMBURSABLE EXPENSES**

**13.1 Personal Expenses**

Non-reimbursable expenses include, but are not limited to: alcoholic beverages; tobacco products; airline club dues; rental car club membership fees; in-room movies; mini-bar refreshments (**NOTE:** Mini-bar refreshments eaten instead of a meal may be covered as one of the day's meals. Prudence and common sense should be used.); fines for traffic/parking violations; purchase of clothing or other personal items; shoe shines; car washes; expenses for child/elder care; pet care; home and property care; insurance on life or personal property while traveling.

*No Alcohol*

**13.2 Combining Parish Business Travel with Other Travel**

The Parish will only reimburse the portion of the trip related to official Parish business when the trip is combined with personal vacation travel. Only receipts from the business portion of the trip must be submitted.

**13.3 Spouse/Family/Companion Travel**

Payment or reimbursement of travel expenses of spouse/family/companion travel is not allowed. When a Parish Officer's or employee's spouse, family member or other companion accompanies him/her on a Parish business trip, the difference between a single and double room rate shall be borne by the Parish Officer or employee. No advance funds will be given to a Parish Officer or employee to cover expenses of a spouse, family member, or other companion accompanying traveler.

**14.0 EXPENSE REPORTING:**

Requests for reimbursement of travel-related expenses must be submitted using the form entitled "St. John the Baptist Parish Council Expense Statement" (See Exhibit E). Expense Statement and receipts supporting claim must be submitted to the CAO's office within thirty (30) days of incurring the expense or upon return from travel, with the exception of mileage reimbursements. Failure to submit expense reports and supporting documentation within this timeframe will make the claim(s) ineligible for reimbursement.

Where funds were advanced to traveler, or where check was issued to hotel for lodging expenses, traveler must submit Expense Statement and receipts to the office of the CAO within five (5) business days of returning from travel, along with any excess funds. Failure to provide Expense Statement, receipts, and return any excess funds will make traveler ineligible for future advances until such documents (and excess funds if applicable) are submitted. Also, where

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advanced funds cannot be substantiated by traveler, any unjustified amount will become due and payable by traveler within thirty (30) days of written notice from Parish.

In the case of mileage reimbursements, form entitled "St. John the Baptist Parish Travel Report" (See Exhibit F) should be used to request reimbursement for mileage. Travel Report form should be submitted no more frequently than once per month; however, not later than January 31<sup>st</sup> of the following year. Failure to submit mileage expense reports by the January 31<sup>st</sup> deadline will result in the claim being ineligible for reimbursement.

The person submitting the Expense Statement and/or Travel Report shall be responsible for making a copy of the form(s) with all attachments to be kept on file at the departmental level. (Travelers are encouraged to make a copy for his/her personal records as well.) Employees must obtain the Department Head's approval signature prior to submitting form(s).

The Parish shall not be responsible for the claimed travel expenses if the original expense claim form and/or attachments are misplaced and a copy cannot be provided to substantiate the expense.

## 15.0 VERIFICATION

The Finance Department shall ultimately be responsible for reviewing all Expense Statements to verify that all of the required receipts, details, and names of participants have been provided and that said Expense Statements comply with the rules and regulations of the Parish and the laws of the State of Louisiana.

## 16.0 FRAUDULENT CLAIMS

Any person who submits a claim pursuant the aforementioned regulations and who willfully makes and subscribes any such claims which he/she does not believe to be true and correct as to every material matter or who willfully aids or assists in or procures, counsels or advises the preparation or presentation of a claim which is fraudulent or false as to any material matter shall be guilty of official misconduct. Any person receiving an allowance or reimbursement by means of a false claim shall be criminally or civilly liable within the provisions of State law.



# FONTENOT & ASSOCIATES, LLC

BENEFITS & ACTUARIAL CONSULTING

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310 Summit Place • Birmingham, AL 35243 • (205) 908-0433 c • (205) 970-1811 o • sfontenot@rfballc.com

February 5, 2010

Vince Lucia  
Finance Manager  
1801 W. Airline Hwy.  
LaPlace, LA 70068

Re: 2008 and 2009 Invoices

Dear Mr. Lucia:

Our September 18, 2006 engagement letter was on behalf of our initial project for St. John the Baptist Parish and was confined to an early GASB 45 actuarial valuation for OPEB as of January 1, 2007. The effective date of GASB 45 compliance for St. John was the 2008 calendar fiscal year and the early actuarial valuation was intended to estimate the level of the required OPEB obligation and actuarial accrued liability. That project included collection of all of the necessary census information and plan design and financing data relevant to the project, as well as preparation of the estimated OPEB obligation determination information which would have to be included in the footnotes to financial statements of the parish when compliance became effective. The intent of this early valuation was to provide insight into the size of the obligation and liability in order to consider possible plan design changes to reduce both and we performed additional valuation estimates based on several alternative plan changes. The fees presented in that engagement letter were limited to a maximum of \$15,000. The time charges according to the schedule in the engagement letter far exceeded the \$15,000 maximum agreed to and the \$15,000 maximum amount was invoiced in two billings: the first for \$10,000 on December 19, 2006 and the second for \$5,000 on November 19, 2007. Since we billed only the maximum agreed amount, we did not provide the hourly breakdown in those invoices as described in the initial engagement letter.

In May, 2008 we met with the new St. John Parish administration, including the Parish President, members of senior staff, finance and employee benefits staff representatives and I believe a Parish Council representative. In that meeting we discussed the results of the above early valuation and anticipated GASB 45 reporting for the fiscal year January 1, 2008 through December 31, 2008 and also ways to mitigate the substantial GASB 45 actuarial liability. Our firm was retained on a fixed fee basis of \$15,000 in total for an assignment involving two tasks; first, the analysis, cost appraisal of plan design changes to reduce the GASB 45 liability including pricing various alternatives with insurers and second, the updated actuarial valuation and GASB 45 OPEB reporting for fiscal calendar year 2008 based on the revised plan provisions adopted as a result of the first phase. This was a separate project for which we were retained at that first meeting with the new administration and was not covered by the initial engagement letter nor was a new engagement letter involved. As a result of the first portion of the foregoing project, St. John adopted a Medicare Advantage Plan and Private Fee for Medicare Service Plan which significantly reduced the retiree health care GASB liability exposure. We prepared the first GASB 45 actuarial valuation and OPEB obligation information for the calendar fiscal year 2008 based on the revised plan design as the second phase of this project.

The two invoices about which the Legislative Auditor inquired, \$7,500 each on August 4, 2008 and April 16, 2009, represented progress billings of the flat fee project arrangement described in the second paragraph above and were not covered by the September 18, 2006 engagement letter which

Vince Lucia  
March 25, 2010  
Page 2

was limited to the first early GASB 45 valuation and alternative estimates.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "S. Fontenot", written in a cursive style.

**Scott Fontenot**

# Fontenot & Associates, LLC

Benefits & Actuarial Consulting

3501 N. Causeway Blvd., Suite 810 Metairie, LA 70002

Cell (504) 906-1399 Phone (504) 837-9116 Fax (504) 837-0123 E-mail [sfontenot@rebowe.com](mailto:sfontenot@rebowe.com)

~~General Fund~~

Invoice No. 1550  
Date: August 4, 2008  
Client Name or No. St John the Baptist Parish

For Professional Services Rendered in 2008 in Connection with the Following Matters:

- First & Second Quarter Consulting Fees and RFP Development

Quoted Fee for Services:.....~~\$7,500:00~~

RECEIVED  
AUG - 4 2008

Thank you for the opportunity to serve you.

PAID AUG 7 2008

Stacey Corlor  
8-4-08

~~V-12397~~

~~10-100-512-89~~

# Fontenot & Associates, LLC

Benefits & Actuarial Consulting

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*General Fund*

Vincent J. Lucia  
St. John the Baptist Parish  
1801 W. Airline Hwy  
LaPlace, LA 70068

Invoice No. 1468  
Date: April 16, 2009  
Client Name or No. St John the Baptist Parish

For Professional Services Rendered in 2008-09 in Connection with the Following Matters:

- GASB 45 Actuarial Valuation of post-employment Benefits

Quoted Fee for Services:.....

~~\$7,500.00~~

4-17-09

OK to pay  
VJ

Thank you for the opportunity to serve you.

V- 12397  
10-100 - 51289

PAID APR 24 2009

RECEIVED APR 21 2009

# Donald L. Foret Attorney at Law

Jodie Carter, CPA  
Compliance Audit Division  
Office of the Legislative Auditor

**Date:** March 26, 2010

**Re:** Compliance audit report on the St. John the Baptist Parish dated March 3, 2010

In response to your draft of your compliance audit report on the St. John the Baptist Parish dated March 3, 2010, Mr. Bill Hubbard states the following:

1) The Parish Charter states that basically the Parish President represents the Parish 24 hours a day, 7 days a week. Many of the receipts that are not itemized or missing can be reconstructed by cross-referencing the Parish President's schedule. Also, some charges were made by others who have access to the Parish President's credit card.

2) On June 4, 2008, the Parish attended an Entergy team city event in Baton Rouge. This is an annual event that is attended by several Parish employees and St. John Economic Development Board members. This event required a booth to be built and manned to promote economic development for St. John Parish. Other Parishes also participated to showcase their Parishes. After the event, Bill Hubbard took several Parish employees to dinner at Sullivans. Attendees included Julia Remondet, Terri Abade, Irvin Tregre, Buddy Boe, Mrs. Johnson from the EDC Board and other employees and Board members.

3) In May of 2008, a national shopping center convention was held in Las Vegas Nevada. The purpose of this trip was to help Jefferson Parish staff their booth and to develop contacts and ideas for the Parish's vacant land. Attendees on this trip were Julia Remondet, Terri Abadie, Bill Hubbard and spouses. That is the only meal that the attendees participated in. Everyone discussed the Rodrigue property in Laplace.

When elected as Parish President, Bill Hubbard purchased a vehicle to solely handle Parish business. He continued the existing practice that was set up by previous administrations.

If you have any questions, please do not hesitate to contact me.

Donald "Chick" Foret  
Attorney at Law  
La. Bar No. 05701  
3500 North Causeway Blvd., Suite 185  
Metairie, La. 70002

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