

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Ben D. Johnson Foundation
Natchitoches, Louisiana

November 14, 2001



Investigative Audit

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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Ben D. Johnson Foundation

November 14, 2001



**Investigative Audit
Office of the Legislative Auditor
State of Louisiana**

**Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor**

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DANIEL G. KYLE, PEAC, CPA, CFE
LEGISLATIVE AUDITOR

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November 14, 2001

**MR. CECIL PICARD, SUPERINTENDENT
DEPARTMENT OF EDUCATION
STATE OF LOUISIANA**

**MS. GWENDOLYN P. HAMILTON, SECRETARY
DEPARTMENT OF SOCIAL SERVICES
STATE OF LOUISIANA**
Baton Rouge, Louisiana

Transmitted herewith is our investigative report on the Ben D. Johnson Foundation. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

This report presents our finding and recommendation, as well as your responses. Copies of this report have been delivered to the Ben D. Johnson Foundation; the Department of Education; the Department of Social Services; the Honorable Van H. Kyoie, District Attorney for the Third Judicial District of Louisiana; and others as required by state law.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

SHP:SLC:DCP:dl

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Executive Summary

Investigative Audit Report Ben D. Johnson Foundation

Background . . .

The Department of Education requested that the Legislative Auditor conduct an investigative audit of the Ben D. Johnson Foundation because of irregularities in the Food and Nutrition Assistance Program.

Ms. Priscilla Metzger submitted false documents to the State of Louisiana resulting in the following excessive payments:

- \$51,620 from the Department of Education
- \$28,328 from the Department of Social Services

Background (See page 5.)

The Ben D. Johnson Educational Foundation (Foundation) is a private non-profit organization located in Natchitoches, Louisiana. The Foundation operates a day care center under the name "Nurturing Nook," and receives funds from State of Louisiana, Office of Family Support. The Foundation also operates a Child and Adult Care Food Program (CACFP) and a Summer Feeding Program. The State of Louisiana, Department of Education (LDE) administers both of these programs.

LDE conducted an onsite-monitoring visit at the Foundation in January 2001. The LDE staff discovered several irregularities. As a result of this review, in March 2000, LDE submitted a request to the Legislative Auditor to examine the CACFP and Adult Care Food Program at the Foundation.

Finding (See pages 7-12.)

From July 2000 through May 2001, Ms. Priscilla Metzger, Executive Director of a Natchitoches day care center, submitted false documents to the State of Louisiana that allowed the day care center to receive \$100,948 more than it was entitled to receive. These false documents claimed more meals served and higher attendance than actually occurred, thus resulting in excessive payments of \$51,620 from the State of Louisiana, Department of Education and \$28,328 from the State of Louisiana, Department of Social Services, Office of Family Support.

The Department of Education and the Department of Social Services should coordinate efforts with other inspecting agencies to ensure that all program participants are billing properly.

Department of Education

The Department of Education will provide additional training to all program staff. The Department will attempt to recover non-allowable payments. In addition, the Department is exploring options to improve sharing of information among other state agencies.

Department of Social Services

The Department of Social Services will seek recovery from the child care providers. The Department will also coordinate efforts with other inspecting agencies.

Recommendation (See page 15.)

We recommend that LDE revise its audit procedures to ensure that accurate counts are obtained on all occasions. Although the Department of Social Services performs inspections for licensing purposes, no formal inspection is performed by the Office of Family Support division to ensure compliance with its programs. We recommend that the Department of Social Services establish procedures to perform inspections of child care facilities that participate in the programs under the control of the Office of Family Support. We also recommend that LDE and the Department of Social Services coordinate efforts with other inspecting agencies such as the Department of Health and Hospitals to ensure that all program participants are billing properly. Finally, we recommend that the District Attorney for the Third Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

Management's Response (See pages 15-17.)

LDE responded that it was their current program review procedures that initially detected the irregularities of inflated counts and altered invoices that were reported to the Legislative Auditor. However, LDE will provide additional training to all Child and Adult Care Food Program staff to take into consideration all logistical situations that might occur onsite. LDE will also attempt to recover non-allowable payments and will address counting irregularities with the individual who contacted the questionable counts that were found to be inconsistent with LDE procedures. In addition, LDE is in communications with the Department of Social Services and the Department of Health and Hospitals to explore the options that may exist to improve the sharing of information among agencies and programs.

The Department of Social Services responded that it would seek recovery of the \$28,328 received improperly by the child care provider with a referral to the Office of Family Services Fund and Recovery Unit for action. In addition, the Child Care Assistance Program is in the process of developing a plan to assess the accuracy of child care payments to providers, which will include inspection of the records of child care facilities. The program will also

**Ben D. Johnson
Foundation**

**Mr. Ben Johnson had no
knowledge of the activities
contained in the report.**

coordinate efforts with LDI and other inspecting agencies, as recommended, to ensure that child care providers are billing properly for the services they provide.

Mr. Cleo Fields responding on behalf of the Ben D. Johnson Foundation stated that his client, Mr. Ben D. Johnson, had no knowledge of the activities contained within the report nor would he have condoned such activities.

Background and Methodology

The Ben D. Johnson Educational Foundation (Foundation) is a private non-profit organization located in Natchitoches, Louisiana. The Foundation operates a day care under the name "Nurturing Nook," and receives funds from the State of Louisiana, Office of Family Support. The Foundation also operates a Child and Adult Care Food Program (CACFP) and a Summer Feeding Program. The State of Louisiana, Department of Education (LDE) administers both of these programs.

LDE conducted an on-site monitoring visit at the Foundation in January 2005. The LDE staff discovered several irregularities. As a result of this review, in March 2005, LDE submitted a request to the Legislative Auditor to examine the Child and Adult Care Food Program at the Foundation.

The procedures performed during this investigative audit consisted of (1) interviewing employees and officials of the Foundation; (2) interviewing other persons as appropriate; (3) examining selected records of the Foundation; (4) performing observations and analytical tests; and (5) reviewing applicable state laws and regulations.

The result of our investigative audit is the finding and recommendations herein.

Finding

False Documents Submitted to State Resulted in \$109,848 Overpayment to Day Care Center

From July 2000 through May 2001, Ms. Priscilla Meyeys, Executive Director of a Natchitoches day care center, submitted false documents to the State of Louisiana that allowed the day care center to receive \$109,848 more than it was entitled to receive. These false documents claimed more meals served and higher attendance than actually occurred, thus resulting in excessive payments of \$81,620 from the State of Louisiana, Department of Education and \$28,228 from the State of Louisiana, Department of Social Services, Office of Family Support.

The Don D. Johnson Educational Foundation (Foundation) is a private, non-profit organization located in Natchitoches, Louisiana, and operates a day care center called the Nurturing Nook (Center). The day care provides child care to low-income families and receives funding from the State of Louisiana, Department of Education (LDE) for meals served to the children and the Department of Social Services, Office of Family Support (OFS) for child care provided to OHS participants.

Ms. Priscilla Meyeys, Executive Director of the Center, was responsible for the daily operations of the Center including billing and reporting to the funding agencies. In July 2000, the first month of the LDE program, Ms. Meyeys began reporting inflated meal counts and attendance records to both state agencies resulting in excessive payments from the state totaling \$109,848. Inflated meal counts resulted in excessive payments from LDE totaling \$81,620, and inflated attendance records resulted in excessive payments from OFS totaling \$28,228.

Department of Education

LDE administers the Child and Adult Care Food Program (CACFP), which is funded by the United States Department of Agriculture (USDA). This program provides reimbursements for actual meals served to eligible children in child care centers. From July 2000 through May 2001, the Center received a total of \$114,272 in reimbursements from CACFP.

Funds Received from LDE



Ms. Metzger stated that she was responsible for inflating the meal counts at the Center. According to Ms. Metzger, she used enrollment numbers rather than actual meals served. Ms. Metzger additionally stated that she was aware that the Center could only be reimbursed for actual meals served. The billings to LDE indicate that the Center served 92,591 meals during the period July 2000 through May 2001. Actual attendance records indicate that only 26,109 meals were served during this period. Therefore, the Foundation received \$81,620 (approved at only 72% of reimbursements) from LDE for 66,482 meals that were not served. Ms. Metzger signed each of the billings sent to LDE thus certifying the number of meals served.

The Center's cooks kept accurate meal counts on menu worksheets that were turned in to Ms. Metzger from July 2000 until approximately January 2001. From February 2001 through May 2001, these meal counts were turned in to Ms. Molly Rachel, administrative assistant. According to Ms. Rachel, Ms. Metzger instructed her to alter the menu worksheets to match the Center's enrollment records rather than actual meals served. Ms. Rachel stated that she knew some meals were claimed that were not actually served. Ms. Rachel further stated that she destroyed the original menu worksheets because they did not match the menu worksheets that she created.

Ms. Rachel stated that she destroyed the original menu worksheets because they did not match the menu worksheets that she created.

An original menu worksheet dated September 13, 2000, which was inadvertently left in the Center's files, shows that the Center served 48 children for both breakfast and lunch. The menu worksheet prepared by Ms. Metzger for that same day shows that 173 children were served breakfast and 128 were served lunch. The Center was reimbursed for the higher amounts.

Date	Item	Qty	Price	Total	Remarks
7/1/00	Breakfast	173	0.47	81.21	
7/1/00	Lunch	128	0.63	81.24	
7/1/00	Dinner	0	0.00	0.00	
7/1/00	Snacks	0	0.00	0.00	
7/1/00	Drinks	0	0.00	0.00	
7/1/00	Other	0	0.00	0.00	
7/1/00	Total	173	0.47	81.21	

Prepared by cook

Date	Item	Qty	Price	Total	Remarks
9/13/00	Breakfast	48	0.47	22.56	
9/13/00	Lunch	48	0.63	30.24	
9/13/00	Dinner	0	0.00	0.00	
9/13/00	Snacks	0	0.00	0.00	
9/13/00	Drinks	0	0.00	0.00	
9/13/00	Other	0	0.00	0.00	
9/13/00	Total	96	1.10	52.80	

Prepared by Ms. Metzger

On December 5, 2000, LHM performed a technical assistance visit of the Center. Ms. Dawn Law, LHM program specialist, conducted a head count during snack time at the Center. Ms. Law's report indicates that 177 children were present during her head count. However, the Center's actual attendance records indicate that only 58 children were in attendance at the Center. Ms. Metzger has insisted that 177 children were present when Ms. Law conducted her count. Ms. Law stated that she possibly counted some of the children more than once because Ms. Metzger delayed the count on several occasions at which time it is possible that the children were moved to another building. Although the attendance records show only 58 children present during snack time, the Center claimed that 177 were served.

On January 25, 2001, LHM auditors performed an administrative review of the Center. During this review, the auditors observed 18 children present for breakfast and 38 children present for lunch. However, the Center submitted a bill to LHM claiming that 45 children were present for breakfast and 122 were present for lunch.

January 25, 2001, Count by LHM

	Actual	Claimed
Breakfast	18	41
Lunch	38	122

During the period April 9, 2001, through April 20, 2001, the Legislative Auditor observed daily attendance at the Center for 10 weekdays. Our observation indicates that the Center served only 616 meals during that 10-day period; however, the bills submitted to LHM indicate that 2,289 meals were served. As a result, the Center received \$1,989 for this 10-day period that it was not entitled to receive.

Department of Social Services, Office of Family Support

OFS administers both the Child Care Assistance Program (CCAP) and Find Work Program, which provide child care assistance to low-income families. From July 2000 through May 2001, the Center received \$271,255 from these two programs.

The Center submitted billings to OFS claiming to have provided 34,332 days of eligible child care during the period July 2000 through May 2001. Based on actual attendance records and sign-in sheets that the center is required by law to maintain, only 16,186 days of eligible child care were provided resulting in an overstatement of attendance to OFS for 6,146 days. Before January 2001, child care providers were allowed to bill OFS for 10 days of absences per child each month. Since January 2001, child care providers can be paid for five absences per month. With these allowances taken into consideration, the Center received excessive payments from OFS for 2,212 days of child care totaling \$28,226.

Ms. Tan'Keia Palmer stated that Ms. Metzger instructed her to count a child as attending all week (5 days) if that child attended at least three days of the week.

Ms. Tan'Keia Palmer, administrative assistant, stated that she prepared most of the billings to OFS. Ms. Palmer stated that Ms. Metzger instructed her to count a child as attending all week (5 days) if that child attended at least three days of the week. Ms. Palmer further stated that Ms. Metzger instructed her on several occasions to increase total monthly attendance numbers for individual children. Ms. Palmer

stated that she would not sign the reports and stopped preparing the reports at one time because she felt uncomfortable with the inflated numbers. She later began preparing the reports again as Ms. Meyer directed.

In order to support the excessive amounts billed to and received from LHM and OHS, certain Center records were created or altered to give the appearance that more children were receiving child care than were actually in attendance. We located two invoices for a single milk delivery from Foremost Dairy dated November 6, 2000. Both invoices contain a signature purporting to be that of Ms. Marie Wallace, former cook; however, according to Ms. Wallace, only one of the signatures is actually hers. The

DATE	QUANTITY	PRICE
11/06/00	200	2.0500

Original Foremost Invoice

Original Foremost Invoice

Ms. Wallace identified 24 Foremost invoices that contained attempted duplications of her signature.

invoice containing Ms. Wallace's actual signature shows that only 808 cartons of milk were purchased while the invoice containing the attempted duplication of her signature shows that 996 cartons of milk were purchased. The invoice containing the attempted duplication along with 23 other Foremost invoices containing attempted duplications of Ms. Wallace's signature were given to LHM's address as support for the number of children served meals by the Center.

DATE	QUANTITY	PRICE
11/06/00	996	2.0500

Duplicated Foremost Invoice

Duplicated Foremost Invoice

In addition, we found an inspection report prepared by the State of Louisiana, Department of Health and Hospitals at the Center that had been altered to show that 180 children were present on the date of the inspection when only 35 children were actually present.



Original DEH Inspection Report



Altered DEH Inspection Report

Ms. Metzger stated that she submitted false claims to benefit the children and not to benefit herself or any other person at the center. Ms. Metzger further stated that many times she was not even paid for the services she provided to the Center because of lack of sufficient funds. However, we noted that during the period July 2000 through May 2001, Ms. Metzger received payroll checks from the Center totaling \$38,769. In addition, Ms. Metzger is an owner of a consulting company called Doeja Wilton, Inc., which received \$6,786 from the Center during this same time period. Had the Center not received these excessive funds from LDE and OHS, Ms. Metzger may not have been able to receive a salary nor consulting fees from the Center.

Had the Center not received these excessive funds from the LDE and the OHS, Ms. Metzger may not have been able to receive \$38,769 in salary nor \$6,786 in consulting fees from the Center.

These actions indicate possible violations of one or more of the following laws:

- R.S. 14:87, "Theft"¹
- R.S. 14:73, "Forgery"²
- R.S. 14:133, "Filing False Public Records"³

The actual determination as to whether individuals are subject to formal charge is at the discretion of the district attorney.

¹ R.S. 14:87 provides, in part, that theft is the appropriation or taking of anything of value which belongs to another, either without the consent of the owner or the appropriation or taking, in the name of another without authority, possession, or representation.

² R.S. 14:73 provides, in part, that forgery is the falsification or altering, with intent to defraud, of any document in, or any part of, any writing purporting to have legal effect.

³ R.S. 14:133 provides, in part, that filing falsified records is the filing or depositing for record in any public office or with any public official, or the transmitting or causing to be, by mail, with knowledge of its falsity, any forged document, any unlawfully altered document, or any document containing a false statement or false representation of a material fact.

Recommendation

We recommend that the Department of Education revise its audit procedures to ensure that accurate counts are obtained on all occasions. Although the Department of Social Services performs inspections for licensing purposes, no formal inspection is performed by the Office of Family Support division to ensure compliance with its programs. We recommend that the Department of Social Services establish procedures to perform inspections of child care facilities that participate in the programs under the control of the Office of Family Support. We also recommend that the Department of Education and the Department of Social Services coordinate efforts with other inspecting agencies such as the Department of Health and Hospitals to ensure that all program participants are billing properly. Finally, we recommend that the District Attorney for the Third Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

Attachment I

Management's Response



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION
FIRST OFFICE BAY FERRY, BAYOU BOULEVARD, MONROE, LOUISIANA 70132-9000
REGISTRATION AND ACCOUNTS
1-877-453-3773

November 1, 2004

David G. Kyle
Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94387
Baton Rouge, LA 70804

Dear Dr. Kyle:

RE: Investigative Report on Ben D. Johnson Foundation

This letter is in response to the findings in the referenced report regarding the organization's claiming and use of funds through Louisiana-governmental agencies. The Ben D. Johnson Foundation was a sponsor of the USDA Child and Adult Care Food Program (CACFP), which is administered in Louisiana by the Department of Education (LDE).

Louisiana Department of Education staff, using current program review procedures, initially detected the irregularities of inflated costs and altered invoices that were reported to the Legislative Auditor. However, the LDE will provide additional training to all CACFP staff to take into consideration all logistical situations that might occur onsite.

The LDE will follow its normal collection procedures, as approved by USDA, to obtain funds claimed and received by the Ben D. Johnson Foundation that are identified as not allowable through the USDA Child Nutrition programs. Also, The LDE will address the counting irregularities with the individual who conducted the questionable counts that were found to be inconsistent with LDE procedures.

Finally, the LDE is currently in communications with the Department of Social Services and the Department of Health and Hospitals to explore the options that may exist to improve the sharing of information among agencies and programs.

I would like to take this opportunity to thank you and your staff for such a prompt response to our request for assistance regarding the irregularities found in the operation of the Child and Adult Care Food Program by this sponsoring agency.

Sincerely,

Eric J. Picard

State Superintendent of Education

EJP:JDB

c: Dorcas Holt-Ganey
John Dupre



State of Louisiana
 Department of Social Services
 Office of the Secretary

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W. J. "BOB" FURBER, JR.
 SECRETARY

November 5, 2000

Daniel G. Kyle, CPA, CFE
 Legislative Auditor
 Office of Legislative Auditor
 P.O. Box 94387
 Baton Rouge, LA 70804-0387

Dear Dr. Kyle:

Your letter of October 23, 2000 requested the response of the Department of Social Services to the findings of your investigative audit report on the Ben D. Johnson Foundation. The Child Care Assistance Program, in the Office of Family Support, will seek recovery of the \$28,228 received improperly by this child care provider with a referral to the OFS Fraud and Recovery Unit for action. In addition, the Child Care Assistance Program is in the process of developing a plan to assess the accuracy of child care payments to providers, which will include inspection of the records of the child care facilities. The Program will also coordinate efforts with Department of Education and other inspecting agencies, as recommended, to ensure that child care providers are billing properly for the services they provide.

Please advise if there is any additional information that we can provide.

Sincerely,

Gwendolyn P. Hamilton
 Secretary

THE FIELDS LAW FIRM, L.L.C.

ATTORNEYS AT LAW

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November 7, 2001

Daniel G. Kyle
Office Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, Louisiana 70804
Via Facsimile 339-3870

RE: Ben D. Johnson
Our File No. 99-167

Gentlemen:

In response to your Investigative Audit Report, I must report that my client, Ben D. Johnson, had no knowledge of the activities contained within the report nor would he have condoned such activities.

Thank you.

Sincerely,

THE FIELDS LAW FIRM

CLE D FIELDS

CF/ih

Cc: Mr. Ben Johnson