

CITY OF OPELOUSAS



COMPLIANCE AUDIT
ISSUED JUNE 29, 2011

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

June 29, 2011

**THE HONORABLE DONALD CRAVINS, SR., MAYOR,
AND MEMBERS OF THE CITY COUNCIL
CITY OF OPELOUSAS**
Opelousas, Louisiana

We have audited certain transactions of the City of Opelousas. 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*.

The accompanying report presents our findings and recommendations as well as management's response. This is a public report. Copies of this report have been delivered to the District Attorney for the Twenty-Seventh Judicial District of Louisiana and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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Former Director of the Office of Community Development

From December 2007 through January 2010, Mike Levier served as a City of Opelousas (City) employee and a board member for the Housing Authority of the City of Opelousas (HACO). During this period, we identified several instances when Mr. Levier's City time sheets appear to conflict with local and out-of-town conference travel he incurred as a HACO board member. We identified 68 hours of conflicting time valued at approximately \$1,180. As a result, Mr. Levier appears to have received compensation for work not performed. Receiving compensation for work not performed may violate Louisiana law.¹

Cash Receipts Not Deposited

During our review, we noted deficiencies in cash management practices at the Department of Public Works and the Department of Code Enforcement. Both departments routinely made sales of scrap metal for cash. Reconciliation of the scrap metal sales with the cash deposits showed approximately \$5,816 of cash from the scrap metal sales was not deposited into City accounts. After the initiation of our audit, Mr. Leonard Hammond, former Supervisor of Public Works, provided the funds to the City. In addition to these amounts, we noted cash collections from the scrap metal sales were routinely deposited into City accounts months after the receipt of cash. Louisiana law requires daily deposits of funds whenever practicable.²

Fee Waivers on City Building Rentals

The City owns six buildings that are managed through the Parks and Recreation Department. The City rents these buildings out for private functions such as weddings and graduations. In addition, the City leases another building from the Louisiana Department of Agriculture, which is also available to rent. During our review of these rentals, we noted instances where renters, including City employees, were granted a waiver of all or a portion of the standard rental fee. The purpose of the waivers is not documented and many of the events for which waivers were granted appear to be personal in nature. Because of poor controls, we cannot document the total value of these waivers. The practice of granting waivers for events that are personal in nature constitutes a donation and may violate the Louisiana Constitution.³ In addition, City employees who entered into transactions with the City and were granted waivers may have violated state law.⁴

¹ **R.S. 14:138** provides, in part, "Payroll fraud is committed when any public officer or public employee shall carry, cause to be carried, or permit to be carried, directly or indirectly, upon the employment list or payroll of his office, the name of any person as employee, or shall pay any employee, with knowledge that such employee is receiving payment or compensation for services not actually rendered by said employee or for services grossly inadequate for such payment or compensation."

² **R.S. 39:1212** states, "After the expiration of existing contracts, all funds of local depositing authorities shall be deposited daily whenever practicable, in the fiscal agency provided for, upon the terms and conditions, and in the manner set forth in this Chapter. Deposits shall be made in the name of the depositing authority authorized by law to have custody and control over the disbursements."

³ **Article 7, Section 14** of the Louisiana Constitution provides, in part, "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."

⁴ **R.S. 42:1111 (A)(1)** provides, in part, "No public servant shall receive anything of economic value, other than compensation and benefits from the governmental entity to which he is duly entitled, for the performance of the duties and responsibilities of his office or position."

R.S. 42:1112A states, in part, "No public servant, except as provided in R.S.42:1120, shall participate in a transaction in which he has a personal substantial economic interest of which he may be reasonably expected to know involving the governmental entity."

Inadequate Contracting Practices

According to City records, between May 2008 and September 2010, the City issued payments totaling \$90,830 to a local vendor for public works projects under the Public Bid Law limit. The procurement of these public works projects did not comply with provisions of the City's purchasing policy including the requirements for competitive bidding and the use of requisitions and purchase orders. In addition, the City did not follow Public Bid Law⁵ requirements for bonds on public works projects over \$25,000 and the use of written contracts for construction work exceeding \$5,000. Finally, the City issued a payment for one public works project before work was performed. Such advance payments may constitute a donation and be a violation of the Louisiana Constitution.⁶

No Contracts or Competitive Selection for Contractual Services

During our review, we noted instances where the City paid for services without a formal, written contract or evidence of competitive selection. Examples of services acquired by the City without written contracts are public relations works and medical transport. Proper internal controls and good business practice dictates that these services be procured through a competitive process and codified in a written contract.

⁵ **R.S. 38:2241(A)2** states, in part, "For each contract in excess of twenty-five thousand dollars per project, the public entity shall require of the contractor a bond with good, solvent, and sufficient surety in a sum of not less than fifty percent of the contract price for the payment by the contractor or subcontractor to claimants as defined in R.S. 38:2242..."

R.S. 38:2241(A)1 states, in part, "Whenever a public entity enters into a contract in excess of five thousand dollars for the construction, alteration, or repair of any public works, the official representative of the public entity shall reduce the contract to writing and have it signed by the parties..."

⁶ **Article 7, Section 14** of the Louisiana Constitution provides, in part, "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."

Former Director of the Office of Community Development

From December 2007 through January 2010, Mike Levier served as a City of Opelousas (City) employee and a board member for the Housing Authority of the City of Opelousas (HACO). During this period, we identified several instances when Mr. Levier’s City time sheets appear to conflict with local and out-of-town conference travel he incurred as a HACO board member. We identified 68 hours of conflicting time valued at approximately \$1,180. As a result, Mr. Levier appears to have received compensation for work not performed. Receiving compensation for work not performed may violate Louisiana law.⁷

Mr. Levier was appointed as an Assistant Code Enforcement Officer for the City in January 2006. In January 2009, he was appointed as the Interim Director of the Office of Community Development for the City. Both positions were full-time. Mr. Levier was required to complete and sign time sheets for both positions. His time sheets as the Assistant Code Enforcement Officer were signed by the Director of Code Enforcement, and his time sheets as the Interim Director of the Office of Community Development were signed by the Mayor. Mr. Levier accrued leave in accordance with City policy, and his use of leave is reflected on leave requests and time sheets. Mr. Levier was terminated by the City on January 29, 2010, for poor work performance, including leaving the state for an unspecified period of time without notifying the City.

The Mayor appointed Mr. Levier to the HACO board on December 21, 2007. Mr. Levier served on the HACO board until December 16, 2010. During Mr. Levier’s tenure on the HACO board, he attended several local and out-of-town conferences on behalf of the HACO. The HACO paid for conference registration, hotels, meals, mileage, airfares, and other miscellaneous items for Mr. Levier and the other board members that attended. Records indicate that on some occasions Mr. Levier took leave from his City position to attend conferences; however, we noted other occasions in which Mr. Levier did not take leave to attend conferences. As a result, some of Mr. Levier’s conference attendance for the HACO appears to conflict with time recorded for the City. The HACO conferences where the conflicts occurred and the corresponding hours worked at the City are noted in the table below.

HACO Conference	Destination	Dates	Overlapping Hours
LA Housing Council	Marksville, LA	10/5/08-10/8/08	12
Public Housing Authority Directors Association	Atlanta, GA	5/3/09-5/6/09	12
LA Housing Council Legislative Conference	Baton Rouge, LA	5/19/09-5/22/09	28
Southwest National Association of Housing and Redevelopment Officials	St. Louis, MO	6/26/09-6/30/09	16
Total Hours			68

⁷ R.S. 14:138 provides, in part, “Payroll fraud is committed when any public officer or public employee shall carry, cause to be carried, or permit to be carried, directly or indirectly, upon the employment list or payroll of his office, the name of any person as employee, or shall pay any employee, with knowledge that such employee is receiving payment or compensation for services not actually rendered by said employee or for services grossly inadequate for such payment or compensation.”

Mr. Levier's failure to take appropriate leave for conference travel can be seen in his attendance of the Louisiana Housing Council Legislative Conference in Baton Rouge in May 2009. The conference began at 11:00 a.m. on Tuesday, May 19, 2009, and ended at 11:30 a.m. on Friday, May 22, 2009. HACO records show that Mr. Levier arrived at the Baton Rouge Hilton at 3:40 p.m. on Monday, May 18, 2009, and checked out on Friday, May 22, 2009, at 12:39 p.m. The HACO paid the registration fee, the hotel charge, mileage reimbursements, and \$101 per diems for five days. Conference records indicate Mr. Levier signed the conference sign-in sheet. City records indicate that Mr. Levier did not take any leave between Tuesday, May 19, 2009, and Friday, May 22, 2009. As a result, there appears to be approximately 28 hours of conflicting time (eight hours each day for Tuesday, Wednesday, and Thursday plus four hours on Friday).

The 68 hours referenced in the table represent hours recorded by Mr. Levier in his positions of Assistant Code Enforcement Officer and Interim Director of Community Development for the City. The 68 hours occurred during local and out-of-town conference travel by Mr. Levier for the HACO. HACO records and conference organization records show that Mr. Levier was attending out-of-town conferences while claiming these same hours as work hours for the City. The total value of these 68 hours based on Mr. Levier's salary at the time is approximately \$1,180. Because Mr. Levier did not take leave from the City to attend these conferences, he may have violated Louisiana law.⁸

We attempted to interview Mr. Levier concerning these trips and their potential conflict with his work at the City; however, through legal counsel, he declined our request for an interview.

Recommendations

The City should adopt policies and procedures to ensure City employees work agreed-upon hours. Such policies and procedures should include the following:

1. Require employees to document work arrival and departure times through either handwritten sign-in sheets, punch cards, or other electronic devices.
2. Modify time sheets to record actual times worked rather than the number of hours worked. Actual time worked provides more precise data for management and ensures greater accountability for employees.

Cash Receipts Not Deposited

During our review, we noted deficiencies in cash management practices at the Department of Public Works and the Department of Code Enforcement. Both departments routinely made sales of scrap metal for cash. Reconciliation of the scrap metal sales with the cash deposits showed approximately \$5,816 of cash from the scrap metal sales was not deposited

⁸ See footnote 7.

into City accounts. After the initiation of our audit, Mr. Leonard Hammond, former Supervisor of Public Works, provided the funds to the City. In addition to these amounts, we noted cash collections from the scrap metal sales were routinely deposited into City accounts months after the receipt of cash. Louisiana law requires daily deposits of funds whenever practicable.⁹

The City salvages scrap metal from the demolition of derelict mobile homes, the removal of old railroad tracks from City property, and collections from routine street maintenance. The practice has been for City employees to transport the scrap metal to a recycling center in Scott, Louisiana where it is sold. Management of the recycling center informed us that customers have the option of receiving payment in cash or by check. For the past three years, the City's practice has been to accept cash and not checks for scrap metal sales. The employees remit the cash and an accompanying receipt to the Director of Public Works, the Director of Code Enforcement, or the Supervisor of Public Works. These individuals are supposed to bring the cash funds to the accounting department where they are deposited into the City's operating account and recorded in the general ledger account titled "Sundry and Miscellaneous."

We reviewed all scrap metal sales recorded in the City's "Sundry and Miscellaneous" account from January 2008 through March 2011. During this period, approximately \$11,346 of cash from scrap metal sales was deposited into the City's "Sundry and Miscellaneous" account. We compared these deposits to a payment history from the recycling center where the scrap metal was sold. The payment history shows the City sold \$17,162 of scrap metal during this time period. Since the City only deposited \$11,346, there was a \$5,816 deficit in cash deposits from the scrap metal sales ($\$17,162 - \$11,346 = \$5,816$).

During an interview with Mr. Hammond, he informed us that he received cash from scrap metal sales in July or August 2010. After his employees brought him the cash from the scrap metal sales, he gave the cash to the receptionist in the Department of Public Works for safekeeping until the scrap metal sales were complete. He claims to have forgotten about the funds until March 2011 when some additional scrap metal sales were made. He gave the City's Chief Administrative Officer \$4,700 in cash on April 18, 2011. He subsequently gave the City Clerk an additional \$2,713 from scrap metal sales on May 6, 2011. It is not clear why the total of these returned funds - \$7,413 ($\$4,700 + \$2,713$) - exceeds the \$5,816 of missing funds identified through the reconciliation of the scrap metal sales with the cash deposits. On May 9, 2011, Mr. Hammond was arrested by the Opelousas Police Department in connection with the missing funds from the scrap metal sales.

The comparison between the scrap metal sales recorded in the City's "Sundry and Miscellaneous" account and the payment history from the recycling center also shows cash deposits were not made in a timely manner. For example, on March 17, 2011, the City deposited approximately \$4,864 of funds from scrap metal sales. However, the receipts supporting the scrap metal sales were from as early as December 2010. In another instance, approximately \$3,567 was collected from scrap metal sales in February 2008, but was not deposited until August 12, 2008. Between February 13, 2008, and March 17, 2011, there were 50 separate scrap

⁹ **R.S. 39:1212** states, "After the expiration of existing contracts, all funds of local depositing authorities shall be deposited daily whenever practicable, in the fiscal agency provided for, upon the terms and conditions, and in the manner set forth in this Chapter. Deposits shall be made in the name of the depositing authority authorized by law to have custody and control over the disbursements."

metal sales by the City. None of the cash from these sales was deposited the same day of the sale. Only three were made within two days of the sale.

In addition to the missing funds and lack of timely deposits, our review showed other control weaknesses including the selection of the recycling center, written policies, and supporting documentation. The City's purchasing policy requires the City to request scrap metal prices from recyclers in the area and sell to the highest bidder. The City has no record of making these requests and it is unclear how the recycling center was selected. The City also has no written policy on scrap metal sales detailing how the revenue is to be collected and failed to maintain supporting documentation of all scrap metal sales such as invoices and receipts.

Recommendations

The City should adopt policies and procedures to ensure the proper safeguarding of City assets. Such policies and procedures should include the following:

1. Develop written policies for scrap metal sales. These policies should clearly specify that checks, not cash, be received for the sale of scrap metal. In addition, these policies should specify who is responsible for receiving the checks, when and how the checks are deposited, and what supporting documentation is required.
2. Deposit all receipts no later than the close of the following business day. Timely deposit of receipts ensures proper control and reduces the possibility of misappropriation of funds.
3. Ensure all collections from sales of scrap metal are supported with appropriate documentation, including receipts or invoices.
4. Periodically reconcile scrap metal sales posted by the City with third party payment histories to ensure revenue from all scrap metal sales are being deposited with the City.

Fee Waivers on City Building Rentals

The City owns six buildings that are managed through the Parks and Recreation Department. The City rents these buildings for private functions such as weddings and graduations. In addition, the City leases another building from the Louisiana Department of Agriculture, which is also available to rent. During our review of these rentals, we noted instances where renters, including City employees, were granted a waiver of all or a portion of the standard rental fee. The purpose of the waivers is not documented and many events for which waivers were granted appear to be personal in nature. Because of poor controls, we

cannot document the total value of these waivers. The practice of granting waivers for events that are personal in nature constitutes a donation and may violate the Louisiana Constitution.¹⁰ In addition, City employees who entered into transactions with the City and were granted waivers may have violated state law.¹¹

Employees of the Parks and Recreation Department maintain a reservation calendar for the six buildings they manage. All requests for building rentals are noted in this calendar. After making the reservation, renters sign a Reservation and Rental Agreement form and pay a deposit at the City Water Department. Renters typically pay the balance, again at the Water Department, the day before the event. All payments are recorded on the physical Reservation and Rental Agreement form and on an electronic ledger maintained by City accounting staff. Once the balance owed is paid, the renter receives a key to the building. If there is no damage to the building, the renter receives the refundable damage fee. The process for reserving the building leased from the Louisiana Department of Agriculture is essentially the same. The various fees are represented in the table below.

2008-2010 Building Rental Rates (Per Day)			
Facility	Reservation Fee	Rental Fee Balance	Clean-Up Fee
South Teen Center	\$50	\$75	\$50
South Neighborhood Center	50	25	40
Large Pavilion (South Park)	25	25	25
North Neighborhood Center	50	75	50
Large Pavilion (North Park)	25	25	25
Donald Gardner Stadium		600	
Opelousas Civic Center	500	1,200	150

During our review, we identified instances when rental fees appear to have been waived. These waivers are documented in the reservation calendar maintained by the Parks and Recreation Department. According to Parks and Recreation Department employees, waivers are communicated to them orally by staff of the Mayor. They record these waivers in the reservation calendar as requests of the Mayor. According to Mayor Cravins, he authorized waivers for schools and nonprofits but has no recollection of authorizing waivers for private events of City employees.

Based on notes in the reservation calendars, between January 2008 and December 2010, we identified approximately 28 instances where rental fees appear to have been waived. These instances included events, such as weddings, that were personal in nature, and other events, such as a Christmas Party for foster children, that may serve a public purpose. There is no documented explanation such as a cooperative endeavor agreement explaining the public purpose for granting any of the waivers.

¹⁰ **Article 7, Section 14** of the Louisiana Constitution provides, in part, “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.”

¹¹ **R.S. 42:1112A** states, in part, “No public servant, except as provided in R.S.42:1120, shall participate in a transaction in which he has a personal substantial economic interest of which he may be reasonably expected to know involving the governmental entity.”

R.S. 42:1111 (A)(1) provides, in part, “No public servant shall receive anything of economic value, other than compensation and benefits from the governmental entity to which he is duly entitled, for the performance of the duties and responsibilities of his office or position.”

Because of poor controls, we cannot determine the total value of waivers granted. For example, when the reservation fees and rental balances are paid at the City Water Department, the City merely records the amount paid, date paid, and a name. The actual event for which the payment is received is not recorded in sufficient detail to allow reconciliation with particular events recorded in the reservation calendar. In addition, staff of the Parks and Recreation Department did not consistently use Reservation and Rental Agreement forms on events where there was a fee waiver. As a result, there is no official record of the fees waived.

Based on available City documentation and interviews, we determined that waivers were granted to several city employees for personal events, such as weddings and graduation events, and the current city attorney for a political fundraiser. Because these events are personal in nature and do not appear to serve a public purpose, granting waivers in these instances may violate the Louisiana Constitution. In addition, City employees who were granted waivers may have violated state law by entering into a transaction with the City and receiving something of economic value other than the compensation and benefits from the City to which they were entitled for the performance of their duties.¹²

Recommendations

The City should adopt policies and procedures to ensure public funds are spent according to appropriate policies and laws. Such procedures should include the following:

1. A written policy should be developed that governs rental of city-managed buildings that clearly outlines the procedures for renting the building and the criteria for granting waivers of the rental fee.
2. Waivers should be supported with written documentation such as a cooperative endeavor agreement indicating the public purpose for the waiver and should be signed by authorized City personnel.
3. The use of city buildings, including events when waivers are granted, should be documented through a Reservation and Rental Agreement form.
4. Recording collections of reservation fees and rental balances should be made with sufficient detail that these payments can be reconciled to the reservation calendar. Periodic reconciliations should then be performed to ensure all building rental fees are collected.

¹² See footnote 11.

Inadequate Contracting Practices

According to City records, between May 2008 and September 2010, the City issued payments totaling \$90,830 to a local vendor for public works projects under the Public Bid Law limit. The procurement of these public works projects did not comply with provisions of the City's purchasing policy including the requirements for competitive bidding and the use of requisitions and purchase orders. In addition, the City did not follow Public Bid Law¹³ requirements for bonds on public works projects over \$25,000 and the use of written contracts for construction work exceeding \$5,000. Finally, the City issued a payment for one public works project before work was performed. Such advance payments may constitute a donation and be a violation of the Louisiana Constitution.¹⁴

Noncompliance With City Purchasing Policy

Between May 5, 2008, and September 17, 2010, the City made 14 payments to Anderson Ironworks for 10 public works on City-owned structures. Three of these projects totaled over \$7,500. The City's procurement policy requires three written or faxed quotes for projects over \$7,500. City records show only one of the three projects had quotes as required by the purchasing policy. In addition, only two of the projects were authorized using appropriate requisitions and purchase orders as required by the purchasing policy.

The project that included written quotes was approximately \$42,000 to repair the roof and install siding for the City library. The City's purchasing policy requires all projects over \$10,000 to use formal sealed bids with invitations to bid and advertisements. In addition, the bids are to be opened, tabulated, and evaluated by the City Council before being forwarded to the Purchasing Department with a requisition. Although the City obtained three written quotes, it had no documentation supporting the use of a formal sealed bid process or evaluation of bids by the City Council as required by its purchasing policy.

Noncompliance With Public Bid Law

The Public Bid Law¹⁵ requires the use of written contracts for all public works projects over \$5,000 except in instances where an emergency is deemed to exist for the construction, alteration, or repair of public works. None of the public works projects performed by Anderson Ironworks was supported with written contracts including seven projects in excess of \$5,000.

¹³ **R.S. 38:2241(A)2** states, in part, "For each contract in excess of twenty-five thousand dollars per project, the public entity shall require of the contractor a bond with good, solvent, and sufficient surety in a sum of not less than fifty percent of the contract price for the payment by the contractor or subcontractor to claimants as defined in R.S. 38:2242..."

R.S. 38:2241(A)1 states, in part, "Whenever a public entity enters into a contract in excess of five thousand dollars for the construction, alteration, or repair of any public works, the official representative of the public entity shall reduce the contract to writing and have it signed by the parties..."

¹⁴ **Article 7, Section 14** of the Louisiana Constitution provides, in part, "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."

¹⁵ See footnote 13.

The City had no documentation indicating that the work performed by Anderson Ironworks was necessitated by an emergency. The City may not, therefore, be in compliance with the Public Bid Law.¹⁶

The Public Bid Law¹⁷ also requires contractors on public works projects in excess of \$25,000 to provide a bond of not less than fifty percent of the contract amount as protection against potential claims from subcontractors and other claimants. The City could not provide documentation of such a bond for the City library project. In addition, the City appears to have made an advance payment to Anderson Ironworks for the work on the City library. City records show that \$21,500 or half of the \$42,000 paid to Anderson Ironworks for the library work was paid the same day as the date on the bid submitted by Anderson Ironworks. Advance payments for work that has yet to be performed may be a violation of the Louisiana Constitution.¹⁸

Recommendations

The City should adopt policies and procedures to ensure compliance with its procurement policy and the Public Bid law. Such procedures should include the following:

1. Ensure all department heads are familiar with the City's purchasing policy and maintain copies in their departments. We noted that some department heads were unfamiliar with the City's purchasing policy.
2. Discontinue the practice of paying invoices without the requisite purchase order number on the invoice. During our review, we noted instances when construction invoices had no purchase order number but were still paid.
3. Require contractor invoices be sent to the City's Purchasing Department rather than department heads. This practice will help ensure that payments are not made without proper authorization.
4. Update the City's purchasing policy to include the requirement from the Public Bid law that all public works over \$5,000 be reduced to writing and include the signatures of all parties.
5. Implement policies to ensure payments for construction work are made after the work is performed and based on the receipt of invoices documenting the services provided.

No Contracts or Competitive Selection for Contractual Services

During our review, we noted instances where the City paid for services without a formal, written contract or evidence of competitive selection. Examples of services acquired by the City without written contracts are public relations works and medical transport. Proper internal

¹⁶ See footnote 13.

¹⁷ See footnote 13.

¹⁸ See footnote 10.

controls and good business practice dictates that these services be procured through a competitive process and codified in a written contract.

Public Relations Work

The City pays two contractors, Charles and Beulah Renaud, \$600 a month each to provide “Public Relations” work for the City. Charles Renaud was hired as the Community Outreach/Resource Coordinator for the City. His duties are specified in a letter from the Mayor and include operating the Outreach Center, employee relations, and job assistance. Mr. Renaud characterized his role as “preventing problems before they arise.” Beulah Renaud was hired as a Community Liaison. She provided a City job description that characterizes her work as special projects and constituent liaison for the Mayor and City Council.

Neither contractor submitted documentation to support the services they provided. Also, since there is no set number of work hours required, it is difficult to assess whether the work performed is commensurate with the cost. Mr. Renaud stated that he sometimes used a City vehicle when performing his work; however, there is no documented approval of this practice. Ms. Renaud stated that she had purchased items for the City and was reimbursed the cost by the City. Again, there is no documented approval for this practice.

The City Clerk was unable to provide a formal, written contract detailing the contractual responsibilities of the parties. In addition, the City has no documentation of a competitive selection process for selecting these contractors. The City’s procurement policy requires that “Such material, supplies or services which are constantly needed for City operations will be on a formal bid and will be awarded by the City Council for a twelve month period to the lowest responsible bidder.” Since there is no documentation that these services were formally bid, the City may be in violation of its procurement code.

Medical Transportation

The City pays another contractor, Albert Simien, \$1,200 a month to transport City residents to doctor’s appointments. Mr. Simien was hired as a contract employee effective March 9, 2010. His duties are specified in a letter from the Mayor and include “transport citizens to and from doctor’s appointments.” According to Mr. Simien, the appointments are for dialysis treatments. Mr. Simien currently transports two residents, but in the past he has transported as many as four residents. He works on Tuesdays, Thursdays, and Saturdays.

Mr. Simien does not submit documentation supporting the services he performs for the City. He also uses a City vehicle as well as a City Fuelman card to transport residents to their treatments. There is no documented City approval for this practice. The City does not document basic program activities such as how residents are selected, evidence of medical need, or residents enrolled. Because the public purpose for this program is not properly documented, it is not clear whether these expenditures are constitutional.

The City Clerk was unable to provide a formal, written contract detailing the contractual responsibilities of the parties. In addition, there is no documentation supporting competitive procurement as required by the City's purchasing policy.

Recommendations

The City should adopt policies and procedures to ensure public funds are spent according to appropriate policies and laws. Such procedures should include the following:

1. Require all service contracts to be formalized in a written document signed by all parties. The contract should clearly specify contract duration, work requirements, compensation levels, and possible use of any City resources.
2. Develop a written policy governing procurement of contractual services. The policy should include public advertisement of the need for the service, submission of proposals, merit-based evaluation criteria, and awards based on evaluation of a qualified evaluation committee.
3. Require all contractors to provide documentation supporting services performed for the City.

The City of Opelousas (City) was incorporated under Louisiana Revised Statute 33:321-481. It is governed by a Mayor and a Board of Alderman. City officials, including the mayor, six aldermen, and chief of police are elected for four-year terms. The City is fiscally independent of state or other local governments and is authorized to assume indebtedness and levy and collect taxes. Therefore, the City is considered a primary government under Governmental Accounting Standards Board Statement No. 14.

The Louisiana Legislative Auditor (LLA) received information alleging improper expenditures of public funds. As a result, the LLA reviewed available City records to determine the credibility of the information. The procedures performed during this audit included:

- (1) interviewing City employees;
- (2) interviewing other persons as appropriate;
- (3) examining selected City documents and records;
- (4) gathering documents from external parties; and
- (5) reviewing applicable state laws and regulations.

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Management's Response

DONALD CRAVINS, SR.
MAYOR



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The City of
Opelousas
Response to Legislative Auditors Report

Perfectly Seasoned.

Mike Levier

As your report indicated Mr. Levier's service with the City of Opelousas was terminated immediately when the referenced infraction were brought to the attention of the City Administration.

The City intends to send a letter of demand that the City be reimbursed, according the Legislative Auditors staff calculation, the amount of \$1,180 for salary he was paid while away from his duties performing functions for another organization.

If Mr. Levier does not respond to this demand the City can take legal action. The City will also refer this matter to the District Attorney's office for review.

The City is now in the process of installing "hand print" identifying time clocks in all departments to assure employees' time is accurate and indisputable.

Cash Receipts not deposited

It has not been the "City's Practice" to accept cash rather than checks for sale of scrap metal. This has been a decision by individuals, without authority of the administration, delivering the scrap metal and the person's accepting the cash receipts, as nothing else was provided.

Since this situation has been discovered, and an individual retained part of the cash for sale of scrap metal, this employee has been terminated by the Mayor and board of Aldermen and subsequently arrested by The Opelousas Police Department and charged with theft of City property. At this time, under the Municipal Civil Service regulations, the individual has appealed his termination. The Administration believes the Civil Service Board will uphold the decision of the Administration.

Policy on sale of scrap metal

It was recommended by the auditors that the City establish a policy on how the sale of scrap metal should be handled. However since the City has not had a written policy on the disposal of surplus, City owned movable property, the policy will be a general policy covering proper and legal disposal of all City movable property. The issue of "excess"

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disposable property will be addressed in this policy. At present the City attempts to adhere to State regulations on disposal of surplus movable properties.

This policy will include instructions on the disposal of "excess" disposable property that requires at least two (2) sources of possible sales be contacted for "best pricing" quotes and that any monies received for sale of such property will be by check only, made out to the City of Opelousas and the check must be provided to the City Clerk within 48 hours of a sale. (note: the 48 hr. time limit allows for a sale on a Friday evening that cannot be provided to the City Clerk until Monday morning)

Fec Waivers on City owned buildings.

Administrative Policy 11-5 dated June 15, 2011 has been adopted which spells out three (3) classes of potential renters for City owned properties. This policy was reviewed by legislative auditor Mr. Gary Duty, who recommended this be referred to legal council for appropriateness. The City Attorney now has a copy of this policy in his possession.

Inadequate Contracting Practices

The City Council adopted a Procurement Policy on June 14, 2011 based on guidelines as recommended by State and Federal authorities. Referenced 24 CFR 85.36 as spelled out in state requirements.

It is the intention of the City to do business with local, in town vendors whenever possible as a show of support of the local business community. However some of the small vendors work on very restrictive revenue sources. In these instances, the City has "advanced" money for the vendor to be able to buy the supplies/material needed to do the project. In no instance has advance money not been properly applied to the project for which the vendor has been chosen. If, in your opinion, this is an inappropriate procedure it will be discontinued and local vendors so advised.

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Several Department Managers did not comply with the Public Bid Law in reference to having written contracts with vendors for projects over \$5,000. Those Department Managers were not aware of the written contract requirement. The City had no written contract with Anderson Iron Works for any of the eight public works projects. The City is at fault for not properly documenting several of the projects as emergencies.

Several of the jobs performed by Anderson Iron Works were deemed an emergency by the City of Opelousas. The work performed on the City hall roof and Library roof were an emergency. The City hall's roof had several bad leaks in areas where public documents were kept and also where the prisoners and police evidence were housed. The Library roof had slate tile falling from the roof with the potential risk of the tile injuring a patron of the library, thereby creating a liability for the City.

The City will provide each Department Manager with a copy of the City's updated Procurement Policy and also the Louisiana Public Bid Law. The City has scheduled an in-service for department manager on July 8, 2011 to explain and address any concerns with the procurement policy and the Public Bid Law.

No Contracts or Competitive Selection for Professional Services

At the time of the visit of legislative auditors, there were no written agreements (contracts) for the services in question. However, on the advice of Mr. Duty, the City has since developed a "Service Agreement" document which must be approved and signed by the Mayor and agreed to by the provider.

Also on the advice of Mr. Duty, the City now requires that an invoice for services be presented at time of a payment request from the contractor.

There was no competitive selection process in place, or used. These agreements were entered into because the parties involved volunteered to accept the assignment at a nominal fee for assisting in providing public services.

Mr. Charles Renaud's position as a Community Outreach/Resource Coordinator for the City was a temporary appointment. That City project will be completed by June 30, 2011.

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Other Recommendations made by Auditors on visit to City.

1. There should be time sheets on all employees (including Managers)

Response - A memo was sent to all Departments addressing this issue for the next payroll.

2. Every Department should have a copy of the Purchasing Policies.

Response -- The Purchasing manual is being updated:

(a) To reflect an increase from \$150.00 to \$300.00 for a Department to order directly from a vendor, with an assigned P.O # (Section II - 4).

(b) To reflect an increase in the amount required to require scaled formal bids, from \$10,000 to \$25,000 due to the increased cost of doing business. (Section III - 4).

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Response from Mr. Michael Levier

In correspondence dated June 8, 2011, we asked Mr. Levier to respond in writing to this report. As of the date of this report, Mr. Levier has chosen not to respond.