

CITY OF MONROE ENGINEERING DEPARTMENT



COMPLIANCE AUDIT
ISSUED DECEMBER 7, 2011

**LOUISIANA 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, CFE

December 7, 2011

THE HONORABLE JAMES E. MAYO, MAYOR
OFFICE OF THE MAYOR, CITY OF MONROE
Monroe, Louisiana

We have audited certain transactions of the City of Monroe Engineering Department. 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 Fourth Judicial District of Louisiana and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/dl

CITY OF MONROE ENGINEERING DEPARTMENT 2011

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Ricardo Nance's Promotion to Survey Party Chief

Ms. Sinyale Morrison, City Engineer, may have violated state law³ by hiring and paying \$53,814 (regular time pay) to an unqualified employee, Mr. Ricardo Nance, for the Survey Party Chief (SPC) position from May 2009 to August 2011. State law³ provides that public payroll fraud is committed when any public officer pays any employee with knowledge that such employee is receiving payment or compensation for services not actually rendered. The unqualified employee, Mr. Nance, also may have violated state law⁴ since the services he provided were grossly inadequate for the payments he received.

Fixed Overtime Hours Paid to Mr. Nance

Mr. Nance received \$5,743 for 310 hours of overtime while employed in the Traffic Division and Civil Division of the Engineering Department. Ms. Morrison determined a fixed number of overtime hours to pay Mr. Nance each pay period; however, Ms. Morrison did not require Mr. Nance to submit any documentation to validate the number of overtime hours he worked. Since City records and employees indicate Mr. Nance may not have worked the hours for which he was paid, Mr. Nance may have violated state law.⁴

Additional Overtime Claimed by Mr. Nance

In contrast to the previous finding where Ms. Morrison agreed to pay Mr. Nance a fixed amount of overtime for a given period of time, this finding outlines the four ways Mr. Nance claimed to have worked specific overtime or where overtime hours were added to his paycheck. The overtime referred to in this finding is in addition to previous overtime findings. According to City records and employees, Mr. Nance was paid overtime for the following:

1. 147 hours of overtime with no documentation
2. 156.5 hours of overtime for work on the South Third Street project
3. 28.5 hours of overtime for working at the front desk in the engineering department
4. 18 hours of overtime for other tasks

Mr. Nance received \$7,027 for 332⁹ hours for which there is no documentation or he may not have worked. He received \$381 for the remaining 18 hours, for which there is insufficient documentation. Based on the information provided, Mr. Nance may have violated state law.⁴

Sinyale Morrison's Leave Reporting

City practice is for department directors to submit leave requests to the Mayor for approval. We obtained copies of Ms. Morrison's leave requests from the Mayor's office for the period July 23, 2009, to July 22, 2010, and compared the approved requests to payroll records and determined that Ms. Morrison used 40 hours of leave that was not deducted from her leave balance. When questioned about the difference, Ms. Morrison stated that the discrepancies were

due to mistakes in the payroll records, and that on occasion, she did not take leave even though she had an approved leave slip. Ms. Morrison further said that she does not keep time sheets; therefore, she could not provide any documentation to support her statement. Further examination of the her payroll records shows Ms. Morrison also took 24 hours of leave without an approved leave slip.

Poor Internal Control Over Payroll

We reviewed Engineering Department payroll records for the period April 30, 2009, to July 21, 2010, and noted the following deficiencies:

1. Detailed time sheets are not completed by all employees.¹⁰
2. Some engineering payroll records do not have proper approval signatures.¹¹
3. Payroll records such as time sheets, leave requests, and overtime sheets do not match the employee pay records (paystubs).

These deficiencies allowed one Traffic Division employee, Mr. Edwin Morgan, to be paid for 240 more hours of overtime than were approved in writing by his supervisor. Mr. Morgan stated he submitted his overtime sheets to his supervisor, Mr. Stark, but if Mr. Stark was not at work, he gave the overtime sheet directly to Ms. Shermane Mason or Ms. Ann Ross. Mr. Morgan further stated that he has never been paid for overtime hours he did not work. Mr. Stark would not speak with us concerning Mr. Morgan's overtime. Since Mr. Morgan received 240 hours, totaling \$4,566 in overtime that was not approved by his supervisor, the City has no assurance that he actually worked the hours of overtime he was paid.

Driveway and Culvert Permits

The Engineering Department is responsible for issuing culvert and driveway permits and for collecting cash from the sale of these permits. According to available City records, during the period January 2009 through April 2011, \$1,125 in payments for the permits were received, but not deposited. On average, the deposit of permit revenue took 30 days, which may violate state law.¹² In addition, the cash receipt books may have been discarded, which may violate state law.¹³

Background

The City of Monroe (City), Louisiana operates under a Home Rule Charter approved by the voters in 1979. This charter provides for an executive branch of government headed by a mayor and a legislative branch of government consisting of five council members.

The procedures performed during this examination consisted of:

- (1) interviewing employees and officials of the City;
- (2) interviewing other persons as appropriate;
- (3) examining selected documents and records of the City;
- (4) performing observations; and
- (5) reviewing applicable state laws and regulations.

The Louisiana Legislative Auditor (LLA) received an allegation that the Engineering Department at the City paid its Traffic Department employees overtime for hours they did not work, and that one employee, Mr. Ricardo Nance, received preferential treatment pertaining to overtime pay, work requirements, and a job promotion. We attempted to interview Mr. Nance regarding his employment with the City, but he refused to speak with us.

According to City records, during the period of September 2006 to November 2010, Traffic Division employees received 20 to 30 fixed hours¹ of paid overtime per pay period as compensation for their on-call status. Up to seven employees per pay period were paid overtime without regard to the actual number of hours worked by the employees. Ms. Sinyale Morrison, City Engineer, claimed she performed a study to justify the call-out overtime hours paid to employees, but she could not produce the study, nor could she recall the records she used for the study. Ms. Morrison further stated that employee overtime sheets would support the lump sum overtime that she approved for traffic employees. Although employees are required by City policy to complete overtime sheets, the policy was not enforced when the fixed overtime was paid; therefore, Ms. Morrison cannot support her statement. Since Ms. Morrison could not provide the basis she used to determine the number of fixed overtime hours paid to employees nor payroll records supporting the actual overtime hours worked, these overtime payments may violate Louisiana's Constitution.²

Based on the practices of the Engineering Department and possible constitutional and statutory violations, the LLA performed an extensive audit of payroll transactions in the Engineering Department. The results of the audit are explained in this report.

¹ Ms. Morrison's policy varied, on three occasions during this time period, from paying employees actual call-out hours to a fixed number of overtime hours per pay period.

² **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."

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Ricardo Nance's Promotion to Survey Party Chief

Ms. Sinyale Morrison, City Engineer, may have violated state law³ by hiring and paying \$53,814 (regular time pay) to an unqualified employee, Mr. Ricardo Nance, for the Survey Party Chief (SPC) position from May 2009 to August 2011. State law³ provides that public payroll fraud is committed when any public officer pays any employee with knowledge that such employee is receiving payment or compensation for services not actually rendered. The unqualified employee, Mr. Nance, also may have violated state law⁴ since the services he provided were grossly inadequate for the payments he received.

In May 2009, Ms. Morrison promoted Mr. Nance to the SPC. The job description in Mr. Nance's personnel file stated that the position required a minimum of three years' surveying experience with duties such as supervise, direct, and train field personnel; run electronic total station/theodolite and engineering level; gather and interpret field notes; and keep clear notes of computation and sketches. According to former City Surveyor Clovis Hailey and former Senior Survey Technician Paul Oxley, a SPC should have at least two to three years of experience as a Survey Rodman, and at least two years as a Survey Instrument Man. However, according to Mr. Nance's applications, his only survey experience was with the City. According to Mr. Hailey, Mr. Nance was a rodman for a short period (between one and six months) approximately 10 years ago. His most recent employment was with the City starting in 2007 as a Refuse Collector and later as a Control Maintenance Tech I in the Traffic Department's barricade crew. Ms. Morrison stated she promoted Mr. Nance in May 2009 to SPC at \$1 more an hour than the previous SPC to keep from losing her budgeted amount for that position so if she fills the position later she has the ability to hire someone with better qualifications. His starting annual salary as SPC was \$28,496.

Ms. Morrison said she knew Mr. Nance was not qualified, but she hired him based on the recommendation of Mr. Hailey and that Mr. Hailey agreed to train him. She further stated that Mr. Mike Rhymes, then Human Resource Director, instructed her to hire existing City employees when possible, even if an outside applicant was more qualified. Mr. Rhymes denied giving Ms. Morrison these instructions. The City's union contract⁵ states that the employer should promote among the "qualified" applicants and the City's Employee Handbook⁶ states that present employees who have the required knowledge, skill, ability, interest, and physical fitness will be considered for promotion before new employees.

³ **Louisiana Revised Statute (R.S.) 14§138(A)(2) public payroll fraud** states, in part, "Public 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."

⁴ **R.S. 14§138(A)(1)** states, in part, "Public payroll fraud is committed when any person shall knowingly receive any payment or compensation, or knowingly permit his name to be carried on any employment list or payroll for any payment or compensation from the state, for services not actually rendered by himself, or for services grossly inadequate for the payment or compensation received or to be received according to such employment list or payroll."

⁵ **2000 American Federation of State, County, and Municipal Employees Union Contract** states, "The Employer shall fill the opening by promoting from among the qualified applicants the employee with longest continuous service."

⁶ **City of Monroe Employee Handbook** states, "Present employees will be considered for promotion before new employees are hired to fill vacancies. Employees with the required knowledge, skill, ability, interest, and physical fitness should express their interest to their Department Head in writing when job vacancies are posted."

Mr. Hailey stated that before Mr. Nance's hiring as SPC, Ms. Morrison and Mr. Nance approached him because Mr. Nance wanted to do survey work again. Although he could not remember Mr. Nance's name, he recalled that Mr. Nance worked for him approximately 10 years ago as a rodman, the lowest position on the survey crew. His duties included holding the rod, digging up property markers, and carrying equipment. When Ms. Morrison approached him, Mr. Hailey agreed to accept Mr. Nance on the survey crew and assumed Ms. Morrison hired him as a rodman. According to Mr. Hailey, he was unaware that Mr. Nance had been promoted to the position of SPC when he agreed to train Mr. Nance. Mr. Hailey stated that he attempted to train Mr. Nance from May 2009 to March 2011, but Mr. Nance was difficult to train. He added that Mr. Nance often rested in the city truck on job sites while Mr. Joe Gix, CAD Draftsman, performed the calculations. He further stated that Mr. Nance would often take the survey truck during the work day and disappear for several hours. Mr. Gix, who was terminated in April 2010, stated that when he tried to apply for the SPC position, it was already filled by Mr. Nance; however, he had to assist in training Mr. Nance to do survey work. Mr. Gix further stated that neither he nor Mr. Nance was knowledgeable about survey work.

Mr. Oxley, former Senior Survey Technician, worked for the City's Survey Division from July 2010 to July 2011, and had 35 years of experience in the surveying field. Mr. Oxley stated that when he started working for the City, he was not aware that Mr. Nance was SPC since he (Nance) could not run a level nor perform survey jobs on his own. Mr. Oxley stated that he attempted to train Mr. Nance, but found it difficult because Mr. Nance would either be on leave, late for work, or refuse to work if it was too hot or too cold. Mr. Oxley said that he believed Mr. Nance qualified to be an instrument man, but not a SPC.

Mr. Randy Watkins, Public Works Drainage Supervisor, has been a City employee for 28 years and frequently works in association with the Survey Division to perform culvert installations. The survey crew shoots the ditch grades, performs the calculations, and faxes the paperwork to him at Public Works. He stated that over the past few years, the services from the Survey Division have become untimely and unreliable. After Mr. Jeffrey Spainhower, former SPC, left City employment, Mr. Nance was hired to help Mr. Gix or Mr. Oxley perform the survey work; however, he noticed that when Mr. Nance showed up at the site, his attempts at work were minimal. Mr. Watkins assumed Mr. Nance was a rodman because Mr. Gix and Mr. Oxley had to instruct him step by step on how to perform any survey work and consistently double checked his calculations. Mr. Watkins recalls many times using his own men to assist Mr. Gix and Mr. Oxley because Mr. Nance either stayed in the truck or walked around talking on his cell phone. He stated that Mr. Nance did not know how to run a Total Station Surveying instrument, he has never seen him on a job alone, and he has never received paperwork for a job performed by Mr. Nance. Mr. Watkins recalls having very few problems with survey work prior to Mr. Nance becoming SPC. However, since Mr. Nance began work as a surveyor, he could not rely on the timeliness and quality of the survey work, which led to Public Works contracting out large surveying jobs and purchasing its own survey equipment for smaller jobs.

Mr. Tom Janway, Director of Public Works, confirmed that the City does not have qualified employees to perform survey work, which resulted in his department's purchase of its own survey equipment.

Since City records and employees indicate Mr. Nance was not qualified at the time he was hired and that he could not and did not perform the duties of SPC, Mr. Nance and Ms. Morrison may have violated state law.^{3,4}

We recommend the City:

- (1) seek legal advice as to the appropriate actions regarding payroll paid to Mr. Nance as SPC;
- (2) ensure each City department hires qualified employees; and
- (3) train supervisors as to the requirements in the union contract and City policy regarding hiring preferences for existing employees.

Fixed Overtime Hours Paid to Mr. Nance

Mr. Nance received \$5,743 for 310 hours of overtime while employed in the Traffic Division and Civil Division of the Engineering Department. Ms. Morrison determined a fixed number of overtime hours to pay Mr. Nance each pay period; however, Ms. Morrison did not require Mr. Nance to submit any documentation to validate the number of overtime hours he worked. Since City records and employees indicate Mr. Nance may not have worked the hours for which he was paid, Mr. Nance may have violated state law.⁴

Traffic Division Fixed Overtime Hours

In addition to the 20 to 30 hours of on-call overtime payments,⁷ Mr. Nance, then a Traffic Division employee, received an additional 10 hours per pay period to work 10 weekends for another employee who could not work the weekend because of religious beliefs. The total of these payments is \$1,468. City records indicate, and other employees stated, that Mr. Nance was on call for those weekends, but did not work any extra time. Since Mr. Nance may have received payment for services not actually rendered or for services grossly inadequate for such payment, the payment of \$1,468, may have violated state law.⁴

Employees in the Traffic Division received memos from Ms. Morrison dated December 8, 2008, stating that until May 1, 2009, the on-call employees would be receiving 30 hours of overtime per two-week pay period because of a hiring freeze and a lack of personnel. However, Mr. Nance had an extra paragraph added to his memo stating that because he agreed to work weekends for a co-worker who was unable to work because of religious beliefs, he would receive 10 extra overtime hours. These extra 10 hours brought Mr. Nance's fixed overtime hours to 40 per pay period.

⁷ The 20-30 fixed overtime hours were discussed in the background section of this report.

Each on-call Traffic Division employee was scheduled to be on-call for seven days out of each 14-day pay period. Since Mr. Nance agreed to work for another Traffic Division employee on weekends, Mr. Nance should have been scheduled for nine days per pay period. However, according to the rotation schedule, Mr. Nance and the other employee swapped days (during the week) so that each was only on-call seven days per pay period. Since Mr. Nance was on call the same number of days as the other Traffic Division employees but received an additional 10 hours of overtime, he and Ms. Morrison may have violated state law.^{3, 4}

Civil Division Fixed Overtime Paid to Mr. Nance

Beginning July 8, 2010, Mr. Nance was paid 25 hours per pay period (two weeks) to help with the front desk of the Engineering Department and for call-outs for the Civil and Traffic divisions. As a result, Mr. Nance received \$4,275 (200 hours of overtime) from July 2010 to November 2010; however, there are no overtime sheets or city records to document the work performed by Mr. Nance.

According to Ms. Morrison, part of Mr. Nance's overtime duties included filling in at the front desk for Ms. Shermane Mason, Front Desk Clerk, after his (Nance) normal working hours. The front desk clerk's duties include answering the phone, taking phone messages, issuing permits for driveways and culverts, picking up mail, faxing documents, and performing other clerical duties. Ms. Mason informed us that the office is slow from 4:00 p.m. to 4:30 p.m., and there are times when the phones do not ring all day. Ms. Ann Ross, Office Manager, stated that the front desk is never busy enough to justify paying Mr. Nance overtime. Ms. Ross and Ms. Mason stated that Mr. Nance worked the front desk when needed and not on a daily basis.

Mr. Hailey, former City Surveyor, stated that if someone calls the Engineering Department, it rings at all of the numbers and not just the front desk. The office usually receives an average of three to four calls per hour, but slows down after 3:00 p.m. He stated that he normally worked until 4:00 p.m. He also stated that he has never seen Mr. Nance working the phones in the office, has never seen him work after hours, and has rarely seen him work after 2:00 p.m. During the time period under question, Mr. Hailey was Mr. Nance's supervisor. Mr. Hailey stated that he heard that Mr. Nance was receiving overtime pay, but was never asked to approve this overtime.

According to Ms. Morrison, Mr. Nance was also available for call-outs for the Civil and Traffic divisions as part of his overtime duties. However, according to department practices, Traffic Division employees that work overtime follow a rotation schedule to be called out when necessary. During this period, Mr. Nance was not included on the rotation schedule records in the Engineering Department. According to six current and former Traffic Division employees,⁸ Mr. Nance did not work any overtime for the Traffic Division during this period. However, Ms. Morrison stated that Mr. Nance was on standby during this period in the event the Traffic Division would need him.

⁸ Ann Peters, Eric Stark, Tim Willis, Nathaniel Morgan, Charles Roberson, and Edwin Morgan

Ms. Morrison stated the Civil Division overtime duties for Mr. Nance were for him to be available to assist her when necessary. However, according to payroll records, the former SPC, Mr. Spainhower, did not work any overtime to assist Ms. Morrison. Mr. Hailey, City Surveyor and Mr. Nance's supervisor, stated that the Civil Division has never been on-call, never received call-outs, and never worked weekends because there is no reason for surveyors to work after hours or weekends. Before Mr. Nance, Mr. Hailey could not recall one instance where a Civil Division employee received overtime. Mr. Gix stated that when he started working in 2005, he was told that when City Hall is off, surveyors are off; therefore, he would never earn overtime. Mr. Oxley also stated that when he was hired in July 2010, he was told that the Civil Division does not receive call-outs nor do they ever get called out after hours.

We recommend the City:

- (1) seek legal advice as to the appropriate actions to be taken related to overtime payments to Mr. Nance;
- (2) train supervisors as to payroll policies and require supervisors to enforce payroll policies; and
- (3) ensure overtime payments are properly documented and approved before payment.

Additional Overtime Claimed by Mr. Nance

In contrast to the previous finding where Ms. Morrison agreed to pay Mr. Nance a fixed amount of overtime for a given period of time, this finding outlines the four ways Mr. Nance claimed to have worked specific overtime or where overtime hours were added to his paycheck. The overtime referred to in this finding is in addition to previous overtime findings. According to city records and employees, Mr. Nance was paid overtime for the following:

1. 147 hours of overtime with no documentation
2. 156.5 hours of overtime for work on the South Third Street project
3. 28.5 hours of overtime for working at the front desk in the engineering department
4. 18 hours of overtime for other tasks

Mr. Nance received \$7,027 for 332⁹ hours for which there is no documentation or he may not have worked. He received \$381 for the remaining 18 hours, for which there is insufficient documentation. Based on the information provided, Mr. Nance may have violated state law.⁴

⁹ 147 hours (no documentation) + 156.5 hours (South Third Street project) + 28.5 hours (front desk). The remaining hours were for menial administrative tasks or the overtime records did not provide a reason for the overtime.

Overtime Payments Without Documentation

From May 2009 to July 2010, Mr. Nance received \$3,088 for 147 hours of overtime with no supporting documentation. Ms. Ross stated that she only recorded overtime for Mr. Nance when she had an overtime sheet or when Ms. Morrison instructed her to do it. Ms. Morrison stated that she had consulted with and received approval from Ms. Nanci Summersgill, City Attorney, about giving Mr. Nance 10 hours per pay period for being available if anyone needed him. Ms. Morrison also stated that Ms. Summersgill was the one who recommended using Mr. Nance since the department was shorthanded. Ms. Summersgill informed us that she could not recall talking with Ms. Morrison about this issue or giving Ms. Morrison approval to pay the overtime.

South Third Street Sidewalk Project

From March 1, 2010, to May 24, 2010, the City employed general contractor E.R. Lawrence to resurface the portion of sidewalks in the South Third Street area in Monroe. According to overtime sheets, Mr. Nance received \$3,343 for 156.5 overtime hours related to the South Third Street project during the period December 2009 to July 2010, which included six Saturdays and one Sunday. According to Ms. Morrison, Mr. Nance received overtime pay related to this project for watching the poured concrete dry to ensure no one vandalized the concrete. Ms. Morrison said this was approved by Ms. Summersgill. Ms. Summersgill recalled this conversation with Ms. Morrison and said that she advised Ms. Morrison that paying an employee overtime to watch concrete dry could be questioned. Furthermore, Ms. Summersgill stated that the contractor was responsible for the work until it passed City inspection. Ms. Morrison later added to her statement saying that, in addition to watching the concrete dry, Mr. Nance was on the South Third Street project to talk to the residents and prevent them from pulling up concrete forms and blocking driveways.

According to overtime sheets, 81 of the 156.5 hours Mr. Nance was paid to work on this project were performed before the March 1, 2010, project start date or after the May 24, 2010, project end date. Of the remaining 75.5 hours, City records indicate Mr. Nance worked 58.5 overtime hours on days when the contractor did not pour concrete. Contractor invoices show concrete was poured seven days in March and eight days in April. However, Mr. Nance was paid overtime 18 days in March, no days in April, 17 days in June, and four days in July including a day that he received eight hours of sick leave.

Ms. Morrison stated that Mr. Nance received overtime December 1 and December 14, 2009, before the starting date of the South Third Street project of March 1, 2010, because he was assisting Mr. Oxley with the measuring, marking, and overall preparation of the project site. However, Mr. Oxley did not begin working for the City until July 22, 2010, after the South Third Street portion of the project had been completed.

Ms. Morrison stated that Mr. Richard Paulus, staff engineer who worked the South Third Street project, asked if Mr. Nance could work on the South Third Street project after hours because he was from the area and had a good rapport with the residents. According to Ms. Morrison, all City contracts state that the City is responsible for any damages occurring outside of the contractor's control. Because the project was located in a rough neighborhood and the contractor was too afraid to stay and watch the site, she approved for Mr. Nance to work overtime. According to Mr. Paulus, the South Third Street project did not require after hours work nor did he authorize overtime for the project. There were no major issues with vandalizing because the City held a public forum to address the public and explain the importance of not interfering with the project. If there was vandalism, the police would have sent an officer to keep incidents from happening; however, this did not occur. In addition, he stated that contractors are ultimately responsible for repairing any damages to concrete throughout the development of projects. As a result, concrete is usually poured in the mornings. Mr. Paulus also stated that he did not fill out a request for extra employees and that Mr. Nance was not involved in the concrete phase of the project.

Mr. Joe Sledge, City Inspector for the South Third Street project, stated that Third Street was a bad area and people were vandalizing the concrete before it dried. According to Mr. Sledge, the contractor had to do some repairs to the sidewalk and he informed Mr. Paulus that he needed help watching the concrete; however, he is not sure who appointed Mr. Nance to help. He stated that Mr. Nance would get to Third Street around 3:30 p.m. every day that concrete was poured, but he did not instruct Mr. Nance on how long to stay. Mr. Sledge also stated that Mr. Anderson Jackson, subcontractor, hired someone to help watch the concrete with Mr. Nance.

Mr. Gix stated that when he and Mr. Nance had nothing to do during the workday, Mr. Hailey told them to go sit at the Third Street project. He stated that they were not there to watch for people writing in the concrete; they just did not have anything to do. According to Mr. Gix, the concrete pouring was finished by the time they usually reported to the Third Street project. They would go in the City vehicle and always return to the engineering office around 3:30 p.m. Mr. Sledge was always on the job site and returned to the engineering office the same time as he and Mr. Nance. He does not know if Mr. Nance returned later to the job site.

Mr. Hailey stated that Mr. Paulus would usually notify him if he needed to borrow one of his employees, but neither Mr. Paulus nor Mr. Sledge ever contacted him to ask if Mr. Nance could help with the project. According to Mr. Hailey, the only work the Civil Division did on the sidewalk project was before the concrete was poured.

Mr. Jackson, the subcontractor who poured the concrete, stated that he would pass by from time to time to deter people from vandalizing the concrete, but he cannot verify that the City had someone watching the concrete between 4:00 p.m. and 7:00 p.m. He did recall that at the beginning of the project, two City workers came during the work day and watched them work, but they never got out of the truck. He stated that he hired a person to help watch the concrete during the work day, but they usually left between 2:00 p.m. and 3:00 p.m. Mr. Brad Lawrence, employee at E.R. Lawrence, general contractor, stated there were some problems with the public writing in the concrete, but it was not bad enough to call the police or Mr. Paulus.

Front Desk Overtime

From October 16, 2009, to March 5, 2010, payroll records and overtime sheets filed in the Engineering Department show Mr. Nance, on 19 occasions, received a total of 28.5 hours of overtime, totaling \$596 for working the front desk from 3:30 p.m. to 5:00 p.m. According to phone message logs from the front desk, Mr. Nance did not record any phone messages after 3:30 p.m. during this period. In addition, payroll records show that Mr. Nance worked simultaneously with Ms. Mason on two occasions. When asked, Ms. Morrison stated that Ms. Mason must have made a mistake on her time sheet.

Other Paid Overtime

From August 2009 to February 2010, Mr. Nance received \$381 for 18 hours of overtime. There were 12 overtime sheets in the payroll records for this period; however, only five of the overtime sheets were signed with supervisor's approval. The names in the supervisor's approval space on these time sheets are either illegible or appear to be that of Ms. Morrison. No reason for the overtime was cited for seven overtime sheets and the remaining five cited trips to Wal-Mart, mail, fax, or KCS project as the reason for the overtime. Ms. Morrison stated that she does not sign overtime sheets without a description unless the overtime is pre-approved; furthermore, if she assigns an employee to a project she considers her assignment pre-approval for any overtime the employee may receive. She stated that she has pre-approved some of Mr. Nance's overtime sheets and trusts her employees not to turn in overtime sheets if they were incorrect or if they did not work.

We recommend the City:

- (1) seek legal advice as to the appropriate actions to be taken related to overtime payments to Mr. Nance;
- (2) train supervisors as to payroll policies and require supervisors to enforce payroll policies; and
- (3) ensure overtime payments are properly documented and approved before payment.

Sinyale Morrison's Leave Reporting

City practice is for department directors to submit leave requests to the Mayor for approval. We obtained copies of Ms. Morrison's leave requests from the Mayor's office for the period July 23, 2009, to July 22, 2010, and compared the approved requests to payroll records and determined that Ms. Morrison used 40 hours of leave that was not deducted from her leave balance. When questioned about the difference, Ms. Morrison stated that the discrepancies were due to mistakes in the payroll records, and that on occasion, she did not take leave even though she had an approved leave slip. Ms. Morrison further said that she does not keep time sheets; therefore, she could not provide any documentation to support her statement. Further examination of her payroll records shows Ms. Morrison also took 24 hours of leave without an approved leave slip.

Poor Internal Control Over Payroll

We reviewed engineering department payroll records for the period April 30, 2009, to July 21, 2010, and noted the following deficiencies:

1. Detailed time sheets are not completed by all employees.¹⁰
2. Some engineering payroll records do not have proper approval signatures.¹¹
3. Payroll records such as time sheets, leave requests, and overtime sheets do not match the employee pay records (payscale).

These deficiencies allowed one traffic division employee, Mr. Edwin Morgan, to be paid for 240 more hours of overtime than were approved in writing by his supervisor. Mr. Morgan stated he submitted his overtime sheets to his supervisor, Mr. Stark, but if Mr. Stark was not at work, he gave the overtime sheet directly to Ms. Mason or Ms. Ross. Mr. Morgan further stated that he has never been paid for overtime hours he did not work. Mr. Stark would not speak with us concerning Mr. Morgan's overtime. Since Mr. Morgan received 240 hours, totaling \$4,566 in overtime that was not approved by his supervisor, the City has no assurance that he actually worked the hours of overtime he was paid.

The City has a payroll policy manual that assigns certain responsibilities to the timekeeper. These responsibilities include ensuring documentation is complete and approved, accurately processing payroll, and submitting payroll for processing. Although the timekeeper is responsible for accuracy of the payroll, the City's policy manual states each department director is responsible for approving and verifying the timekeeper's work.

Ms. Morrison stated that the City does not have policies concerning payroll, but she believes the previous office manager trained Ms. Ross to process payroll. Ms. Morrison admitted she does not always sign the payroll summary sheet and she instructed Ms. Ross to use a signature stamp when she was not available. She further stated she does not review Ms. Ross's work to see if Ms. Ross is processing payroll correctly; however, she trusts Ms. Ross to do her job and that all payroll documents should have the required signatures. Finally, Ms. Morrison stated that if she had to review Ms. Ross's work, then she would not need Ms. Ross adding that she will instruct Ms. Ross to approve all leave slips and overtime sheets.

Ms. Ross stated she never received a copy of the City payroll binder and was never trained to process payroll. She said she does not know of any payroll policies and just followed what the previous timekeeper did. Ms. Ross further stated that for full-time employees, she does not use time sheets to complete the payroll summary sheets submitted to accounting. Instead, she uses leave requests and overtime sheets because time sheets are not always accurate. She also stated that she accepts leave requests and overtime sheets from employees even though they are not signed by a supervisor because she believes that all the employees are honest. She has

¹⁰ Mr. Nance, Mr. Hailey, and Ms. Morrison.

¹¹ Ms. Morrison did not approve time sheets for three supervisors: Mr. Stark, Ms. Jackie Slack, and Mr. Arthur Holland.

never questioned why the supervisor did not sign an overtime sheet and she has never been told that a signature is needed.

Since Ms. Ross accepts and reports unapproved time sheets, leave requests, and overtime sheets, engineering employees may have been paid for hours they did not work and their leave balances may not be accurate. Furthermore, engineering employees that were paid for unused leave may have received the wrong amount because of inaccurate leave balances.

We recommend the City:

- (1) perform a review of all leave earnings and leave taken and reconcile to appropriate documentation;
- (2) train supervisors and timekeepers as to payroll policies and require supervisors to enforce payroll policies; and
- (3) ensure payroll is properly documented and approved before payment.

Driveway and Culvert Permits

The Engineering Department is responsible for issuing culvert and driveway permits and for collecting cash from the sale of these permits. According to available City records, during the period January 2009 through April 2011, \$1,125 in payments for the permits were received, but not deposited. On average, the deposit of permit revenue took 30 days, which may violate state law.¹² In addition, the cash receipt books may have been discarded, which may violate state law.¹³

The Engineering Department charges \$25 each for culvert and driveway permits. According to Ms. Mason, she is responsible for issuing the permits, collecting payment, and record keeping. Ms. Mason stated that she gives the cash to Ms. Ross and that Ms. Ross is responsible for preparing a deposit to provide to Accounting. Although the permits are pre-numbered, Ms. Mason does not keep any records of the permits issued nor does she ensure the permits are used sequentially. Furthermore, Ms. Mason stated the cash receipt books before March 2011 are not available. Ms. Mason stated she either gave the cash receipt books to Ms. Ross or they were discarded, but she does not remember discarding them. Ms. Ross informed us that she does not have the receipt books and did not throw them away, but Ms. Mason may have thrown them away.

When asked, Ms. Morrison was not aware of how Ms. Ross processes these payments and submits them to the Accounting Division. Permits and other records obtained from the Engineering and Public Works departments indicate that there were at least 176 permits, totaling \$4,400, issued during the period January 2009 through April 2011. Of the 176 permits, 143 were obtained from either Engineering or Public Works, and the remaining 33 were verified through work orders or deposit records.

¹² R.S. 39§1212 Daily deposits states, in part "...all funds of local depositing authorities shall be deposited daily whenever practicable."

¹³ R.S. 44§36 states, in part, that "...in all instances in which a formal retention schedule has not been executed, such public records shall be preserved and maintained for a period of at least three years from the date on which the public record was made."

We compared the deposit records prepared by Ms. Ross to Accounting Department records and confirmed that \$3,275 of permit revenue was deposited to City accounts. However, since 176 permits were issued, \$4,400 should have been deposited; therefore, \$1,125 of permit revenue is not accounted for.

These records also indicate that, on average, Ms. Ross held permit collections for 30 days before forwarding them to Accounting for deposit. On one occasion, Ms. Ross held a \$25 check for 146 days before forwarding it to Accounting. Since the permit revenue was not deposited timely, Ms. Ross may have violated state law.¹²

Ms. Mason initially said that she keeps the payments in her locked desk drawer until she provides them to Ms. Ross who has a lock box to keep the checks and cash. However, Ms. Mason later changed her statement and said that she does not have a key to her desk drawer and that anyone working the front desk issues and accepts payments for permits. Ms. Mason further stated that Ms. Ross kept the money in an un-lockable desk drawer and did not have a lock on her office door until approximately April or May 2011.

Ms. Ross stated that she keeps all permits and payments received from Ms. Mason in her desk drawer until she decides to send the payments to Accounting and that no one told her to keep the payments locked up or how often to send the permit money collected to Accounting. Ms. Ross claimed that she followed the process of the previous office manager and that she could not recall ever being trained. Finally, Ms. Ross added that she does not reconcile permit payments provided by Ms. Mason to cash receipts and that she does not know what happened to the missing money.

We recommend the City:

- (1) comply with state law¹² and deposit funds daily when practicable;
- (2) maintain records as required by state law;¹³
- (3) Assign separate employees responsibility for:
 - a. custody of permits,
 - b. record keeping of permit sales, and
 - c. custody of cash, to include deposit records;
- (4) require appropriate reconciliations by those not entrusted with the cash; and
- (5) maintain cash in a locked area.

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Management's Responses



OFFICE OF THE MAYOR

November 29, 2011

JAMES E. MAYO
MAYOR

318-329-2310
POST OFFICE BOX 123
MONROE, LOUISIANA 71210

Mr. Dan Daigle, CPA, CIA, CFE
Assistant Legislative Auditor and
Director of Compliance Audit Services
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Daigle:

Thank you for meeting with me on November 10th regarding your preliminary compliance audit report dated November 10, 2011. It appears the initial investigation involved the payment of unearned overtime in the engineering department and the alleged preferential treatment of one engineering department employee. Pursuant to the preliminary report, please note the following:

Your report, like my findings during my own investigation, was almost identical to the report of David Barnes, Director of Administration for the City of Monroe and Mr. Mike Rhymes, former Human Resource Director for the City of Monroe, in that none of the reports can find with certainty that Ms. Morrison or Ms. Ann Ross committed any illegal act. To that end, it is my understanding the District Attorney in Ouachita Parish will investigate to determine whether a criminal act occurred. I will await the outcome of that investigation.

However, because of the implied preferential treatment by Ms. Morrison toward an employee, I feel it incumbent to point out that Mr. Nance was not originally hired by Ms. Morrison. In fact, Mr. Nance was initially hired in the public works department. He later transferred to the traffic engineering department because a position had become available and the union contract in place with City employees gives current employees an opportunity to advance from within before an outside person is hired. These facts have been given little attention but seem relevant to me because of the tenor of the media reports in this matter.

With regard to the lump sum overtime payments to employees subject to "call out", there was no mention in your report of the past policy of lump sum overtime to employees in traffic engineering. The policy seems to be the method of paying these employees by the prior traffic engineer, however, in the past it appears the same employees were allowed to accumulate additional overtime. In an effort to control the budget in engineering, Ms. Morrison prohibited the current employees from accumulating additional overtime and set a standard amount for those employees subject to "call out". The reason I mention this is because the general media attention to this subject is that this was something only Ms. Morrison did for one specific employee – which is not correct.

The questions in your report are serious and I intend to look further into each and every aspect of the payroll and personnel issues for future reference because the issues are often difficult to give an answer to without case specific information, for instance, if employees subject to "call out" were given a set amount of pay on each pay check for ease of consistency with the payroll, but it was not their week to be "on call" and they performed another non-related to "call out" job after hours, are they entitled to overtime? This is just one of the intertwined scenarios that heretofore has not been questioned or answered.

As you know, based upon Mr. Barnes' November 30, 2010 Memorandum to Ms. Morrison with recommendations for payroll changes, she immediately began that process and the City will continue to address the needed changes and answer the difficult questions such as the question I pose in the above paragraph with often arise when managing 1,200 or more employees.

With kind regards, I am

A handwritten signature in black ink that reads "James E. Mayo". The signature is written in a cursive style with a large, sweeping "M" at the end.

James E. Mayo
Mayor

Johnny Clark Parkerson
Attorney at Law
2207 Essex Street
Monroe, La 71201

RECEIVED
LEGISLATIVE AUDITOR
2011 NOV 28 AM 9:59

November 22, 2011

Louisiana Legislative Auditor
1600 North Third Street
P.O. BOX 94397
Baton Rouge, La 70804

Attention: Daryl G. Porpera, CPA

Please find enclosed Mrs. Sinyale Morrison reponse enclosure to your unsigned draft report of your investigation.

Sincerely,



Johnny Clark Parkerson

**RESPONSE BY SINYALE MORRISON TO
LEGISLATIVE AUDITOR REPORT**

TO: Louisiana Legislative Auditor

FROM: Sinyale Morrison

Your confidential report and unsigned draft report was hand delivered to me at Monroe City Hall on November 10, 2011, between the hours of 10:00 and 12:00 am.

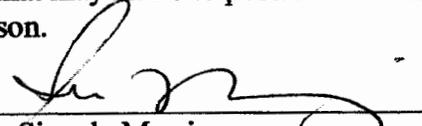
Your representative instructed me that any response that I could make should be placed in your hands within two weeks. This is my response. I am sending copies of it to Mayor Mayo, City Attorney Nancy Summersgill and District Attorney Jerry Jones. I will not release a copy to the news media unless someone who has copies from you "leaks" your draft report to the media. I mention this because there have been many "leaks" to the media of the opening of your files, the investigation by you and even that your office would meet at City Hall. I received no notice of the meeting until the morning of November 10, 2011, but I learned of it being scheduled by your office on the television news the night before. My response only deals with the portion of your draft report, which pertains to my conduct as the Director of the Engineering Department.

Your report is vague as to its implied accusations. It is full of outright misrepresentation of the facts. There are numerous misinterpretations of the facts. There are quotations of co-employees of the city, which are not accurate quotations.

I am placing the report in the hands of my attorney, Johnny Carl Parkerson, who is aware of its "confidentiality". He will treat it as confidential until he sees no reason not to.

I deny any violation of the law in the performance of my duty. Mr Parkerson has advised me that we will aggressively defend any outright criminal allegations.

If you have any further questions of me that may relate to possible civil or criminal charges, please contact my attorney, Mr. Parkerson.



Ms. Sinyale Morrison



Johnny Carl Parkerson

Copy Hand delivered to:

Mayor Jamie Mayo
City Attorney Nancy Summersgill
District Attorney Jerry Jones