

ST. TAMMANY PARISH ASSESSOR



COMPLIANCE AUDIT  
ISSUED SEPTEMBER 28, 2011

**LOUISIANA LEGISLATIVE AUDITOR  
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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

September 28, 2011

The Honorable Patricia Schwarz Core, Assessor  
St. Tammany Parish Tax Assessor's Office  
701 North Columbia Street  
Covington, Louisiana 70433

Dear Ms. Core:

We have audited certain transactions of the St. Tammany Parish Tax Assessor's Office for the period January 1, 2008, to March 31, 2011. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the propriety of certain allegations.

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 of an audit by *Government Auditing Standards*. The concerns and results of our audit are listed below for your consideration.

### **Credit Card Usage**

The St. Tammany Parish Tax Assessor's Office (Assessor's Office) issued credit cards to the assessor, chief deputy assessor, appraiser supervisors, assessor's secretary, and the IT director. From January 1, 2008 to March 31, 2011, employees of the Assessor's Office made credit card purchases totaling \$267,332; however, during this period, the Assessor's Office did not have written policies and procedures for the use of credit cards. The following are transactions in which we question the public purpose or necessity for the credit card purchases:

1. 444 purchases for meals totaling \$35,774, which included 260 (59%) charges totaling \$18,085, that lacked proper documentation
2. 11 instances totaling \$1,217 in which the employee who charged the meal had already received per diem for meal expenses
3. Four charges totaling \$519 relating to parties and celebratory functions for public employees
4. Personal charges totaling \$1,825 including airline tickets for spouses and retirement gifts

### Meal Purchases

The credit card statement alone is not adequate documentation as it does not provide enough detail to support the business purpose for the charges. For example, credit card charge tickets for meals do not allow for verification of the number of meals purchased and the business purpose for the charges. Therefore, the detailed meal receipt along with the names of who participated should be submitted as supporting documentation.

From January 1, 2008, to March 31, 2011, Assessor's Office employees incurred 444 credit card transactions totaling \$35,774. Our examination noted the following:

1. The Assessor's Office had no documentation for 57 of these transactions, which totaled \$4,011.
2. There were no itemized receipts for 176 of these transactions which totaled \$11,924.
3. For 27 transactions totaling \$2,150, there was no business purpose listed.

In addition, these charges included \$249 for alcoholic beverages. The attorney general<sup>1</sup> has opined that the cost of alcoholic beverages may not be paid with public funds. Because the Assessor's Office was either missing or did not maintain adequate documentation for all meals, we could not determine the total amount of charges for alcoholic beverages that may have been charged. In May 2011, \$315 was reimbursed to the Assessor's Office by Ms. Core and two employees. The reimbursement was based on their estimate of alcohol purchases.

Since the Assessor's Office did not maintain documentation to support all credit card purchases, we could not determine the business purpose, necessity, or reasonableness of the purchases or if all the purchases benefited the Assessor's Office. Purchases with no business purpose that are not necessary to the operations of the Assessor's Office or that are made at an unreasonable price may be a violation of the Louisiana Constitution, which prohibits the donation of public funds.

### Per Diem Expense

We also reviewed amounts paid to employees for per diem while traveling and found 11 instances in which employees were paid per diems and also charged \$1,217 (\$754 of which is included in items 1, 2, and 3 above) in meals on an Assessor's Office credit cards. Of the 11 credit card transactions, six either had no receipt or the receipt

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<sup>1</sup>AG Opinion 99-358 provides, in part, "It is the opinion of this office that the Commission can use its funds to host a luncheon for the dignitaries enumerated above under the following conditions . . . public funds are not used for the purchase of alcohol."

was illegible. Ms. Core stated that, for example, while on a trip to Houston, Texas, she purchased meals for her employees because they had run out of per diem.

#### Celebratory Charges

In Opinion 06-0133, the attorney general opined that in general, the payment or reimbursement for, meals and/or foods served in conjunction with parties and other type of celebratory functions, from public funds is improper under state law. During our review of credit card charges, we noted charges totaling \$519 for employee Thanksgiving and Christmas dinners.

#### Personal Charges

In Opinion 92-597, the attorney general opined that the use of a public credit card for personal expenses is only permissible if the official or employee is in extraordinary circumstances, is given authority by the public entity, and reimburses the public entity as soon as possible after the charges are made and before the receipt of the bill. Routine use of a public entity's credit card for personal purposes is not permissible. From May 30, 2008, to June 3, 2010, employees of the Assessor's Office, including Ms. Core, incurred 10 personal charges totaling \$1,825 including a retirement gift and airline tickets for the spouse of an employee.

#### *Retirement Gifts and Other Charges Incurred by Ms. Core*

Assessor's Office records indicate that from April 23, 2009, to June 3, 2010, Ms. Core purchased two gifts for retiring employees. The gifts included a one-half carat star pendant costing \$845 and a one-half carat diamond cross costing \$606. Ms. Core used her Assessor's Office credit card to purchase the star pendant and purchased the other gift with personal funds for which she was reimbursed by the Assessor's Office. The attorney general<sup>2</sup> has opined that purchasing of gifts for retiring employees would be tantamount to a donation of public funds, which is expressly prohibited by the Louisiana Constitution. On May 6, 2011, Ms. Core reimbursed the Assessor's Office \$1,451 for both of these gifts.

Credit card records also indicate that from February 4, 2010, to May 10, 2010, Ms. Core's family member mistakenly used her Assessor's Office Visa credit card and made purchases totaling \$128. On March 18, 2010, Assessor Core reimbursed the Assessor's Office for the charges, including an extra charge she thought was made by the family member.

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<sup>2</sup>AG Opinion 2000-39 provides, in part, "... Government may not purchase gifts for its retiring employees because such purchase would be tantamount to a donation of public funds which is expressly prohibited by the Louisiana Constitution."

*Airline Charges*

From May 30, 2008, to May 13, 2010, two employees incurred three credit card charges totaling \$852 for airline tickets for spouses traveling with the employees to out-of-town conferences. These records further indicate that these employees made reimbursement to the Assessor's Office between 42 and 78 days from the day each charge was incurred. Ms. Core stated that the practice of using Assessor's Office credit cards for personal airline tickets has stopped.

We recommend the Assessor's Office adopt detailed policies and purchasing procedures for the use of credit cards. These policies should provide guidance for the business use of the credit cards and the supporting documentation expected to be maintained. This policy should require:

- (1) documentation of the business purpose for the expenditure;
- (2) itemized receipts for meals, as well as a list of people attending the meals;
- (3) timely submission of original receipts--submission should occur before the monthly statement arrives and in time to adequately review the propriety of the expenditure;
- (4) discontinuance of the practice of purchasing alcohol with public funds; and
- (5) disciplinary action for noncompliance of the policy.

This correspondence represents our finding and recommendation as well as management's response. This correspondence is intended primarily for the information and use of management of the St. Tammany Parish Tax Assessor's Office. I trust this information will assist you in the efficient and effective operations of the St. Tammany Parish Tax Assessor's Office. Should you have any questions, please contact me at (225) 339-3839 or Mr. Dan Daigle, Director of Compliance Audit Services, at (225) 339-3808.

Sincerely,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

DGP:DD:dl

## Management's Response



# Patricia Schwarz Core

*Certified Louisiana Assessor*

*St. Tammany Parish Justice Center*

*701 North Columbia Street*

*Covington, Louisiana 70433*

September 13, 2011

By Fax: Mr. Greg Clapinske  
1-225-339-3987

By Mail:

Mr. Daryl Purpera  
Legislative Auditor  
1600 North Third St.  
Baton Rouge, LA 70804

RE: St. Tammany Parish Assessor's Office

Dear Mr. Purpera:

In response to your compliance audit report dated Aug. 30, 2011, I offer the following:

### Credit Card Usage/Corrective Action

With respect to credit card usage, all employees to whom credit cards had been issued were instructed as to the acceptable use of those cards and in the documentation requirements. In accordance with your recommendations, I have now implemented written policies governing such matters and have also eliminated all but three credit cards. The great majority (86.7%) of credit card expenses over the three and a half (3.5) year period you examined were for the International Association of Assessing Officers education, certification, re-certification and related travel expenses; appraisal technology and equipment; office supplies and uniforms.

I have strengthened our documentation requirements so that the necessity and public purpose will always be apparent in any future charges.

In the past, I personally reviewed all credit card statements with attached receipts and approved payment of those charges. I now require thorough documentation be provided as a result of your recommendations.

*Covington* (985) 809-8180

*Slidell* (985) 646-1990

*Fax* (985) 809-8190

*Member International Association of Assessing Officers*

E-mail: [pcore@stassessor.org](mailto:pcore@stassessor.org)

Website: [stassessor.org](http://stassessor.org)



### Meal Purchases

I am aware that documentation was lacking for some meal purchases made by employees. I have cancelled all credit cards except those used by myself, my executive secretary and the head of our Information Technology Department. The problem has thus been addressed. The only credit cards issued to our staff are through Shell Oil Company and are used to fuel Assessor's Office vehicles for daily work-related travel.

Many of the food purchases were brought in for office staff that worked over 9,000 overtime hours due to Katrina, Gustav, 2008 reassessment, thousands of reviews, evenings and Saturday appeals at the Parish Council's Office and appeals at the Louisiana Tax Commission that resulted in staff members working through their lunch hours and evening meals, often not leaving the office until midnight. My staff does not get paid overtime and meals were all I could provide for their dedication.

You note that \$249.00 was spent for alcohol over the three and a half year (3.5) time period for which you sought records. This practice is not allowed, and those charges have been reimbursed by the employees responsible. Those for which no responsible party could be determined have been reimbursed from my personal funds.

### Per Diem Expense

On at least one occasion, I used my office credit card to take employees to dinner while we were traveling on work related endeavors. This occurred because the per diem amount was not sufficient to compensate the employees for their actual incurred expenses. To address this matter, I will no longer incur additional meal expenses on behalf of my employees if they have or will be paid a per diem for that day.

Policies and procedures now in place prevent any employee receiving per diem expenses from incurring an additional charge for meal expenses. I have reviewed our policies and determined the per diem amounts currently provided to employees are not adequate and below the legal limit.

### Celebratory Charges

With respect to celebratory functions estimated at \$512, I am now aware that the practice of contributing to a pot-luck meal, as is common practice among many smaller, local government agencies, is not allowed. Assessor funds were used to supplement the pot luck meals with a dish. Over the three and a half (3.5) year period, the entire staff would bring a dish to contribute to the pot luck meal and the office would incur small expenses to purchase a dish for Thanksgiving and Christmas lunches. During these pot luck meals, the office remained open while staff members rotated their lunch hours. This practice has ceased.

Personal Charges

*Retirement Gifts*

Although retirement gifts were purchased, the two gifts were purchased in good faith and have been reimbursed by me personally.

The office is audited annually and the documentation of expenses in this manner was never questioned. I recognize that what sufficed for local government agencies may not be adequate to satisfy the Legislative Auditor's requirements. I have revised my policies and procedures to require more thorough documentation. In addition to a record of those persons present, a stated business purpose for each meeting is required.

*Airline Charges*

As discussed with your staff on-site, the two instances of charges being incurred to make travel arrangements for staff members' spouses were reimbursed by each staff member with their personal checks made payable to American Express at the time the reservation was made. This is not a common practice and will not be allowed in the future.

There was one employee that used her personal credit card for payment of the hotel stay for an International Association of Assessing Officer's course. She reimbursed the difference for her husband's airline ticket upon her return.

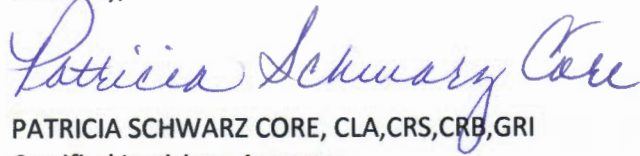
All five of your recommendations have been implemented, to wit:

1. All charges will be thoroughly documented to reflect the business purpose of the expense to meet the standards of the Legislative Auditor.
2. No meals will be purchased on Assessor's Office credit cards. Should such charges ever be necessary in an emergency situation, as you noted is permissible in the Attorney General's Opinion, itemized receipts and written reports detailing the reason(s) for the expenditure will be collected and required.
3. All receipts will be required to be submitted to our accounting department within one working day of the expense being incurred.
4. No alcohol will be purchased with public funds.
5. All employees have been required to review and acknowledge receipt of a policy and procedures manual. Disciplinary actions will be taken for non-compliance with any and all of these policies.

I have taken all possible corrective action, both in reimbursing noted expenditures and in enacting policies and procedures to prevent further errors. I appreciate the professionalism exhibited by your staff throughout this process.

In no case were these errors intentional and I realize I am responsible for the actions of this office and its employees.

Sincerely,



PATRICIA SCHWARZ CORE, CLA, CRS, CRB, GRI  
Certified Louisiana Assessor

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