

AGREED UPON PROCEDURES REPORT
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Executive Committee of the Board of Directors
of the Louisiana Local Government Environmental
Facilities and Community Development Authority
and the Legislative Auditor, State of Louisiana

We have performed the procedures enumerated below, which were agreed to by the Executive Committee of the Louisiana Local Government Environmental Facilities and Community Development Authority, solely to assist you with respect to the accounting records of the Authority. The Authority's management is responsible for the Authority's accounting records. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. **Procedure: Check Disbursements**

We sampled check disbursements during the period of January 1, 2007 through December 31, 2013 to determine the appropriateness and business purpose of the disbursements. We sampled disbursements from both the Chase and Whitney checking accounts.

Findings:

During the performance of our procedures, we noted two checks that did not have proper documentation or authorization.

- a. Check #10773 issued to Myron. No invoice could be located to support the check that was written July 28, 2010 in the amount of \$1,017.31.

- b. The second check without proper documentation was written from the Authority's Whitney Bank account on April 16, 2013. The check was signed by Stephen Dicharry. The check was made out to Whitney Bank in the amount of \$41,846.38 for a cashier's check payable to Lexus Financial Services. We were unable to locate any record of amounts owed to Lexus Financial Services by the Authority. This amount was reimbursed on June 29, 2013 with a cashier's check from Chase Bank remitted by Shirley Nesom.

2. Procedure: Credit Cards

We reviewed all credit card charges during the period of January 1, 2007 through December 31, 2013 for the purpose of identifying, categorizing and summarizing those charges. This included identifying those items which we determined to be personal in nature charged to credit cards held by employees.

During our procedures, we noted that the Authority had record of two credit cards, issued by FIA Card Services, held by the former Executive Director, Stephen Dicharry, and his Executive Assistant, Linda Martin (D'Antoni). The existence of two additional cards was brought to our attention during our procedures. These cards, issued by Chase and Regions, were held by Stephen Dicharry in the name of the Authority. We noted no record of the Chase and Regions credit cards in the accounting records maintained at the office of the Authority, and the Executive Committee had no knowledge of the existence of these cards.

For the purposes of our procedures, we categorized the credit card charges according to descriptions on receipts or other information obtained from receipts, such as date and time stamps. For charges that did not have a receipt, we categorized the charge based on the date, place of charge, and amount. We received limited guidance from Joseph Delafield regarding classification of some charges. A detailed description of the nature of each category can be found in the "Findings" section.

Findings:

a. FIA Credit Card- Stephen Dicharry

Scope Limitation: We examined all statements with respect to this card for the examination period described above except for January and February 2007 and October 2010. The Authority was unable to provide these statements to us and therefore our findings do not include activity found on those statements.

With respect to the FIA credit card held by Stephen Dicharry, we noted the following:

i. Automobile Charges

We categorized charges for gasoline, car washes, oil changes, new tires, and vehicle repairs as automobile charges. These charges were related to a vehicle owned by the Authority and driven by Stephen Dicharry during his time as Executive Director. Without relevant information regarding auto usage such as mileage logs and maintenance records, we were not able to determine the appropriateness of the automobile charges. We categorized \$1,501.04 of charges for automobile expenses appearing personal in nature as personal charges at 2(a)(vii). The total charges for the periods in question are listed in the chart below.

Automobile Charges	
Year	Amount
2007	\$ 4,353.46
2008	4,885.40
2009	6,327.38
2010	6,107.37
2011	7,334.22
2012	4,996.06
2013	2,533.47
Total	\$ 36,537.36

ii. Undocumented Meals

We categorized charges at restaurants that were over \$25 and not fast-food as undocumented meals. These charges did not have a business purpose documented on the receipt (if present). We categorized \$1,986.01 of charges for fast food meals, meals under \$25 and other meals appearing personal in nature as personal charges at 2(a)(vii). The total charges for the periods in question are listed in the chart below.

Meals	
Year	Amount
2007	\$ 719.01
2008	2,288.08
2009	1,927.87
2010	1,300.51
2011	851.24
2012	868.99
2013	623.97
Total	\$ 8,579.67

iii. **Meals Claimed and Documented as Business Meals**

We categorized charges with documentation on the receipt stating the names of people dining or the business name of a group dining as business meals. In some cases, these receipts consisted of only a credit card signature receipt and not an itemized meal receipt. Best practices dictate that itemized meal receipts be retained for substantiation. The lack of itemized receipts limited the level of scrutiny we were able to apply to some of these charges. The total charges for the periods in question are listed in the chart below.

Business Meals	
Year	Amount
2007	\$ 275.99
2008	-
2009	1,998.86
2010	2,555.62
2011	3,665.41
2012	3,297.69
2013	403.28
Total	\$ 12,196.85

There are two items to note included in these charges which are worthy of further attention:

- According to documentation on receipts, the Board was treated to a meal at Sullivan's for Christmas in years 2009-2012. Charges for these meals were for \$1,781, \$2,118, \$2,462 and \$2,452 for 2009, 2010, 2011 and 2012. This comprised a total of \$8,813 of the above table.
- We noted large amounts of alcohol on several receipts, including one receipt in September 2012 at Portico Bar and Grill. This receipt included 18 alcoholic drinks totaling approximately \$60 on a Saturday night for Stephen Dicharry and two business associates.

iv. **Travel**

We categorized charges for hotel, plane tickets, and meals while on business trips as travel. We noted occasions where a companion of the Executive Director was present on business trips. Ticketed airfare was charged separately for each person on the credit card statement. Ticketed charges for the companion were categorized as personal rather than travel charges. However, we were unable to determine based on the documentation provided if any meals were paid for this person with funds of the Authority, so all meal charges are included in this category.

During our procedures, we noted charges for trips to different cities within Louisiana. We also noted several trips to New York City and Washington DC, and an annual trip to Sandestin, FL. The New York trips included several charges for a limousine service. Receipts for charges during the trips to Sandestin often included groceries, alcohol, restaurant meals, and charges for a room that slept up to eight people. We were not able to ascertain the business purpose for the annual Sandestin trip nor were we able to determine the business necessity of accommodations for eight people. Purchases of souvenirs noted during travel were categorized as personal charges and included in that section. We categorized \$5,145.52 of charges for travel appearing personal in nature as personal charges at 2(a)(vii). The total charges for the periods in question are listed in the chart below:

Travel	
Year	Amount
2007	\$ 4,953.13
2008	6,618.17
2009	6,469.50
2010	15,231.23
2011	7,727.37
2012	4,842.25
2013	710.40
Total	\$ 46,552.05

v. **Gifts**

We categorized charges for flowers, gift baskets, plaques, and gift cards given to employees for birthdays as gifts. We categorized flowers that were sent to the significant other of Stephen Dicharry, as noted on receipt (if present), as personal charges. Included in the gifts were hams that were given to Board Members for Christmas each year from 2007 through 2012 which totaled \$3,826 cumulatively. We categorized \$366.64 of charges for gifts and souvenirs appearing personal in nature as personal charges at 2(a)(vii). The total charges for the periods in question are listed in the chart below.

Gifts	
Year	Amount
2007	\$ 1,445.35
2008	997.92
2009	1,297.10
2010	844.94
2011	2,410.87
2012	1,966.85
2013	-
Total	\$ 8,963.03

vi. **Business**

We categorized purchases that appear to be for the office or could possibly be for a business purpose as business charges. These charges included a monthly AT&T data plan, cell phone charges for one cell phone line belonging to the Authority, newspaper subscriptions, charges at Sam's Club for drinks, paper towels, toilet paper, etc. and charges at other retail stores for items such as furniture, televisions, computers, and decor. We noted the purchase of some items appearing to be personal groceries on receipts, but we were unable to determine that the purchase did not have a business purpose. Those charges are included in the amounts below. Purchases of standard office supplies were also charged to this credit card, including several small equipment items such as cameras and scanners that cannot currently be located by the Authority. The total charges for the periods in question are listed in the chart below.

Business	
Year	Amount
2007	\$ 6,368.54
2008	11,461.44
2009	9,267.59
2010	4,241.96
2011	10,596.99
2012	8,006.46
2013	2,062.56
Total	\$ 52,005.54

vii. **Personal**

We categorized meals under \$25 or from a fast-food establishment, additional lines added on AT&T bill (unknown to the Board), souvenirs on trips, duplicate car washes on the same day, donations, and small miscellaneous charges and other items appearing to be personal from itemized charges on receipts, if present, as personal charges. Weekend meals and bar tabs were also considered personal. Charges from AT&T for the monthly cell phone bill were allocated between business and personal based on the number of lines. When actual phone bills were present, we separated according to the actual charges per line. During our procedures, we noted a charge that occurred almost daily, generally mid-morning, at Baton Rouge City News for amounts usually between five and ten dollars. Stephen Dicharry stated to the reporter that he picked up copies of Wall Street Journal and The Advocate. This was discussed with an employee of the Authority, who stated daily subscriptions of these papers were delivered to the office. We also included charges that Stephen Dicharry indicated were personal in his response to charges questioned by a local reporter. The total charges for the periods in question are listed in the chart below.

Personal	
Year	Amount
2007	\$ 1,834.21
2008	3,468.63
2009	5,373.91
2010	5,821.82
2011	5,366.18
2012	5,955.57
2013	1,151.78
Total	\$ 28,972.10

We further separated the charges within the personal category into eight additional categories. The total charges for the period in each category are listed in the chart below.

Further Categorization of Personal Charges	
Categories	Amount
Telephone	\$ 9,332.59
Food	1,986.01
Travel	5,145.52
Gifts/Souvenirs	366.64
Automobile	1,501.04
Retail	7,324.84
Newspapers	1,903.98
Miscellaneous	1,411.48
Total	\$ 28,972.10

viii. **Cash Advances/Balance Transfers**

We categorized withdrawals from ATMs and balance transfers from other credit cards as cash advances/balance transfers. The cash advances began in 2011 and one balance transfer of \$12,000 occurred in 2013. The balance transfer does not appear to be from another card in the name of the Authority. Finance charges associated with cash advances and balance transfers are also included in this category. The total charges for the periods in question are listed in the chart below.

Cash Advances / Balance Transfers	
Year	Amount
2007	\$ -
2008	-
2009	-
2010	-
2011	1,794.46
2012	3,188.14
2013	13,194.95
Total	\$ 18,177.55

ix. **Finance Charges/Fees**

We categorized monthly finance charges on balances relating to card purchases, late payment fees, and pay-by-phone fees as finance charges/fees. We noted that the balance carried on the card was as high as \$20,615 at times, and some months had no payment or only the minimum payment made on the card balance. The minimum payment on the card balance each month was due approximately one month after the statement closing date. We noted from the check history reports for each year that checks were generally issued between every one and two weeks by the bookkeeper. The monthly finance charge on card purchases was as high as \$167 at one point. The total charges for the periods in question are listed in the chart below.

Finance Charges / Fees	
Year	Amount
2007	\$ 659.57
2008	833.27
2009	833.50
2010	959.98
2011	1,383.82
2012	1,277.97
2013	705.26
Total	\$ 6,653.37

- x. During our procedures, we noted that Stephen Dicharry reimbursed some amounts charged on the FIA card held in his name. Reimbursements were made through five checks to the Authority in June and July 2013, totaling \$8,626.38. Mr. Dicharry also made four payments directly to FIA Card Services in May, June, and July 2013, totaling \$17,249.71. As of December 31, 2013, the balance due on the FIA credit card in the name of Stephen Dicharry was zero.

b. **FIA Credit Card- Linda Martin**

With respect to the FIA card held by Linda Martin, we noted the following:

i. **Automobile Charges**

We categorized gasoline, oil changes, new tires, and vehicle repairs as automobile charges. Linda Martin indicated that the Board allowed her to charge gas for her vehicle to the Authority credit card. This would be included as income in her W-2 each year. The total charges for the periods in question are listed in the chart below.

Automobile Charges	
Year	Amount
2009	\$ 4,569.10
2010	6,605.68
2011	4,816.57
2012	6,242.12
2013	3,285.35
Total	\$ 25,518.82

We noted that between 2009 and 2013, a total of \$23,326.85 was included as an auto allowance on the W-2s of Linda Martin. On September 14, 2010, Ms. Martin wrote a check in the amount of \$3,155.26 for reimbursement of vehicle repairs charged on the credit card in 2009 and 2010. Stephen Dicharry did not deposit this check into the bank account of the Authority. On August 5, 2013, Mr. Dicharry reimbursed the Authority for this amount. On September 27, 2010, Ms. Martin made a payment directly to FIA Card Services in the amount of \$3,313.28 for an additional vehicle repair. In June and July 2013, Ms. Martin reimbursed the Authority \$2,114.97 relating to gasoline purchases in Alabama and Texas during 2010 and 2012.

ii. **Business Meals**

We noted one charge categorized as a business meal: \$112.56 at Ruth's Chris in April 2013. When questioned about this charge, Linda Martin stated she was asked by Mr. Dicharry to take herself and Jennifer Bruhl to lunch for Administrative Assistant's Week.

iii. **Travel**

We noted two charges categorized as travel: \$705.20 at L'Auberge du Lac Hotel in Lake Charles in August 2012 and \$370.81 in May 2013 at Resortquest. Linda Martin stated the Resortquest charge was a deposit on a room for the Sherriff's Convention in Sandestin, which was forfeited when the trip was cancelled.

iv. **Gifts**

We noted one charge categorized as a gift: \$70.85 at Four Seasons Florist in May 2012.

v. **Business**

We categorized purchases that appeared to be for the office or could possibly be for a business purpose as business charges. These charges included cleaning supplies, office supplies, and items of a similar nature. The total charges for the periods in question are listed in the chart below.

Business Charges	
Year	Amount
2009	\$ -
2010	-
2011	369.20
2012	1,279.32
2013	116.20
Total	\$ 1,764.72

vi. **Finance Charges/Fees**

We categorized monthly finance charges on balances relating to card purchases, late payment fees, and pay-by-phone fees as finance charges/fees. The total charges for the periods in question are listed in the chart below.

Finance Charges / Fees	
Year	Amount
2009	\$ 118.90
2010	130.99
2011	221.11
2012	181.90
2013	78.88
Total	\$ 731.78

c. **Regions Credit Card- Stephen Dicharry**

During our procedures, we became aware of a Regions credit card (account number ending in 7088 then 9367) held by Stephen Dicharry in the name of the Authority. The Executive Committee was not aware of the existence of this card. We were only able to obtain statements beginning with September 2010. This statement had a beginning balance of \$5,366.32. Charges on this card appeared personal in nature. We categorized the charges based on transaction detail from the statements. Charges were divided into three categories: food, personal, and finance charge/fees. We noted many charges to MyFico.com, nail salons, fast food establishments, restaurants, Bose, dry cleaners, grocery stores, drugstores, LSU Athletic Ticket Office, and medical facilities. **We scanned the check history reports for the Authority, and it does not appear that any payments were made to this card using funds of the Authority. However, the Authority would have been responsible for payment of these charges if payments had not been made.** The total charges for the periods in question are listed in the chart below.

Year	Food	Personal	Finance Charge/Fees	Total
2010	\$ 865.65	\$ 2,436.18	\$ 250.10	\$ 3,551.93
2011	514.80	3,609.33	824.34	4,948.47
2012	65.19	1,070.79	358.57	1,494.55
2013	27.25	-	282.69	309.94
Total	\$ 1,472.89	\$ 7,116.30	\$ 1,715.70	\$ 10,304.89

d. **Chase Credit Card- Stephen Dicharry**

During our procedures, we became aware of a Chase credit card (account number began as 5421, switched to 1782 in April 2012, and switched to 4143 in April 2013) held by Stephen Dicharry in the name of the Authority. The Executive Committee was not aware of the existence of this card. We obtained statements from August 2010 through December 2013. The card had a beginning balance of \$0 on the earliest statement we were able to obtain. Charges on this card appeared personal in nature. We categorized the charges based on transaction detail from the statements. Charges were divided into four categories: food, personal, finance charge/fees, and cash advances. We noted many charges to Walk On's Bistreaux, Portico Bar and Grill, grocery stores, fast food establishments, restaurants, medical facilities, and drugstores. We also noted cash advances on this credit card. **We scanned the check history reports for the Authority, and it does not appear that any payments were made to this card using funds of the Authority. However, the Authority would have been responsible for payment of these charges if payments had not been made.** The total charges for the periods in question are listed in the chart below.

Year	Food	Personal	Finance Chg/Fees	Cash Advance	Total
2010	\$1,131.26	\$ 4,467.89	\$ 225.04	\$ -	\$ 5,824.19
2011	3,032.31	7,132.55	683.42	4,343.63	15,191.91
2012	2,372.63	4,084.13	152.43	3,111.29	9,720.48
2013	3,974.27	8,933.84	295.44	3,860.97	17,064.52
Total	\$10,510.47	\$ 24,618.41	\$ 1,356.33	\$11,315.89	\$47,801.10

3. **Procedure: Travel and Expense Reimbursements**

We reviewed travel and expense reimbursement requests during the period of January 1, 2007 through December 31, 2013 for any unauthorized or inappropriate expenditures.

We obtained a listing of all checks written from January 2007 through December 2013. We searched for checks written to employees (Stephen Dicharry, Linda D'Antoni/Martin, and Jennifer Bruhl). We noted checks written only to Stephen Dicharry and Linda D'Antoni/Martin during this period.

Findings:

a. Travel and Expense Reimbursements- Stephen Dicharry

During this period, reimbursements were made to Stephen Dicharry totaling \$5,770.93 for travel and other expenses. We noted that reimbursement requests were made on a standard form with spaces for amount and description of charges, payee signature, and department head signature. Mr. Dicharry signed his own expense reports as both the payee and department head. We noted \$1,410.93 of reimbursements with no expense report present. We noted \$250 of reimbursements with no documentation of the charges. The expense report stated this was for cab and subway fares and tips, but no receipts were attached to the report. We noted \$4,110.00 of reimbursements that were properly documented with expense reports and receipts.

b. Travel and Expense Reimbursements- Linda Martin

During this period, reimbursements were made to Linda D'Antoni/Martin totaling \$4,733.25 for travel and other expenses. We noted that reimbursement requests were made on a standard form with spaces for amount and description of charges, payee signature, and department head signature. Mr. Dicharry signed the expense reports as the department head. We noted several forms where the signature of Mr. Dicharry appeared to be from a stamp. We noted \$640.12 of reimbursements with no expense report present. We noted \$3,000.00 of reimbursements with no documentation of the charges. The expense reports for these charges each had 1,136.36 miles driven, reimbursed at a rate of \$0.44/mile to total \$500.00 exactly. This occurred monthly for 6 months between the end of 2007 and beginning of 2008. No additional information regarding the calculation of the mileage number or trips was given. We noted \$1,093.13 of reimbursements that were properly documented with expense reports and receipts.

4. Procedure: Cash Advances and Petty Cash

As part of our procedures, we agreed to review cash advances and petty cash transactions during the period of January 2007 through December 2013.

Findings:

After examination of records and discussion with employees, it does not appear that the Authority had any cash advances through checks or petty cash transactions during this period.

5. Procedure: Cell Phone and Data Devices

We reviewed bills and records for all agency-issued cell phones and data devices for the period of January 1, 2007 through December 31, 2013.

Findings:

We noted that cell phone bills were generally paid by Stephen Dicharry on his Authority-issued FIA credit card summarized above. We noted a monthly charge on the FIA credit card to Bellsouth/AT&T for internet service from February 2007 through June 2010. No receipts were present for these charges. Amounts ranged from \$20.95 to \$22.95. In February 2011, a purchase of \$1,143.19 was made at AT&T on the FIA credit card. There was no receipt present for this charge and we were unable to identify the nature of this charge. A few days later, a credit card charge for a data plan began to show up monthly through July 2013. Amounts ranged from \$25 to \$30. No receipts were present for these charges. These charges were categorized as business charges during our procedures on the FIA credit card held by Stephen Dicharry.

We noted that additional lines were added to the Authority's cell phone plan at various times during the period in question. We noted that the number of lines on this bill was as high as four at one time. We considered only the phone line (225) 281-1410 as a business phone line after consulting with Joseph Delafield and Jennifer Bruhl (employee of the Authority). Charges for additional lines were classified as personal charges during our procedures on the FIA credit card held by Stephen Dicharry. If the phone bill was present, we separated business and personal charges based on actual charges per line. If the phone bill was not present, we split the phone bill evenly according to the number of lines on the previous bill. The total charges for the periods in question paid with the FIA credit card held by Stephen Dicharry are listed in the chart below. These amounts are also included in the findings at 2(a)(vii) of this report.

Description	Business	Personal	Total
Internet Service	\$ 877.05	\$ -	\$ 877.05
Data Charges	840.00	-	840.00
Cell Phones	8,699.69	9,332.59	18,032.28
Total	\$ 10,416.74	\$ 9,332.59	\$ 19,749.33

Beginning in June 2013, the charges for the main phone line were paid either with check directly to AT&T or reimbursed to Stephen Dicharry after he paid the bill in full. We were also unable to locate the payment of the August 2010 bill (paid in September 2010) due to a missing credit card statement. The amount paid for cell phone charges for these periods not included in the chart above was \$1,459.63. Of this amount, we classified \$1,306.15 as business purpose and \$153.48 as personal purpose.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Louisiana Local Government Environmental Facilities and Community Development Authority and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ms Eloy Quirk + Beech

Lake Charles, Louisiana
November 11, 2014