

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Northwestern State University  
Natchitoches, Louisiana

October 30, 2002



**Investigative Audit**

---

---

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

## **LEGISLATIVE AUDIT ADVISORY COUNCIL**

### **MEMBERS**

**Senator J. "Tom" Schedler, Chairman**  
**Representative Edwin R. Murray, Vice Chairman**

**Senator Robert J. Barham**  
**Senator Foster L. Campbell, Jr.**  
**Senator Lynn B. Dean**  
**Senator Willie L. Mount**  
**Representative Rick Farrar**  
**Representative Victor T. Stelly**  
**Representative T. Taylor Townsend**  
**Representative Warren J. Triche, Jr.**

### **LEGISLATIVE AUDITOR**

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

### **DIRECTOR OF INVESTIGATIVE AUDIT**

**Daryl G. Purpera, CPA, CFE**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Seventy copies of this public document were produced at an approximate cost of \$103.60. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at [www.la.state.la.us](http://www.la.state.la.us).

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

---

# Northwestern State University

October 30, 2002



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

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

# Table of Contents

	<b>Page</b>
Executive Summary.....	1
Background and Methodology.....	3
Findings:	
Contractor Paid for Services Not Provided.....	5
Employees Paid for Hours Not Worked .....	8
Recommendations .....	13
Management's Response .....	Attachment I



DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

October 30, 2002

Dr. Randall J. Webb, President  
Northwestern State University  
Natchitoches, Louisiana

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

This report presents our findings and recommendations, as well as your response. Copies of this report have been delivered to the Honorable Van H. Kyzar, District Attorney for the Tenth Judicial District of Louisiana, and other authorities as required by state law.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

SDP:SLC:DGP:d1

[NSU02]

# Executive Summary

## Investigative Audit Report Northwestern State University

---

### *Highlights . . .*

**Dr. Alvin Brossette submitted a fictitious invoice to the University.**

**The Ben D. Johnson Educational Center received \$42,331 that it was not entitled to receive.**

**Dr. Brossette submitted a document that appears to be falsified, and, as a result, Dr. Glenn Moffett received payment for services he may not have provided.**

**Mr. Kevin Nora and Dr. Sherman Vogel received payments for services they did not provide.**

### *Findings (See pages 5 through 11.)*

#### **Contractor Paid for Services Not Provided**

A Northwestern State University (University) Continuing Education Department employee created a fictitious invoice at the direction of her supervisor, Dr. Alvin Brossette. Dr. Brossette, dean of the University's Continuing Education Department, submitted the fictitious invoice to the University as support for a contract that the University was monitoring on behalf of the State of Louisiana Department of Economic Development (DED). Attached to the fictitious invoice was a list of individuals that supposedly received training through the contract with DED. Although the training did not take place, the University issued a check for \$42,331 based on the fraudulent information submitted by Dr. Brossette. As a result, the Ben D. Johnson Educational Center received \$42,331 that it was not entitled to receive.

#### **Employees Paid for Hours Not Worked**

Dr. Brossette submitted documents to the University and the State of Louisiana Department of Labor (DOL) that appear to be falsified. As a result, Dr. Glenn Moffett, assistant professor at the University, received payment for services he may not have provided. In addition, Mr. Kevin Nora, instructor, and Dr. Sherman Vogel, assistant professor, received payments for services they did not provide. Mr. Nora stated that he was required to give a portion of his paycheck to Dr. Moffett.

### **Recommendations (See page 13.)**

**The University should ensure that all grant payments are properly and accurately documented.**

**The University should ensure that employees actually work the number of hours reported.**

**Management concurs with the findings and recommendations included in this report.**

We recommend that Northwestern State University implement policies and procedures to ensure that all grant expenditures are properly and accurately documented and to ensure that employees include only accurate information on their time sheets. The University should ensure that all grant payments are made in accordance with the terms of the grant. The University should also ensure that employees actually work the number of hours reported. Policies should instruct supervisors as to their responsibility to ensure that time sheets are properly prepared and accurate. Finally, we recommend that the District Attorney for the Tenth Judicial District review this information and take appropriate legal action, to include seeking restitution.

### **Management's Response (See Attachment I.)**

Management concurs with the findings and recommendations included in this report and will take the following actions in response to the report:

- Enforce policies and procedures that ensure proper and accurate documentation of all grant expenditures and ensure that all grant payments are made in accordance with the terms and conditions of the grant
- Ensure that employees actually work the number of hours reported and that their time sheets include only accurate information to this effect
- Instruct supervisors of their responsibility to ensure that time sheets are properly prepared and accurate
- Institute appropriate disciplinary action relative to employees
- Proceed to take all appropriate legal actions

# Background and Methodology

Northwestern State University (University) is a publicly supported institution of higher education. The University is a component unit of the State of Louisiana, within the executive branch of government. The University is under the management and supervision of the University Board of Supervisors. The University is located in Natchitoches, Louisiana, and serves as a cultural and educational center for central and northwest Louisiana.

On June 26, 2002, Dr. Randall Webb, University President, notified the Legislative Auditor of the possibility that attendance records for training sessions at the University had been inflated, thus causing an appearance of payroll fraud. We acknowledge the assistance provided to this investigative audit by President Webb and the staff of the University's internal audit department.

The procedures performed during this investigative audit consisted of (1) interviewing employees and officials of the University; (2) interviewing other persons as appropriate; (3) examining selected documents and records of the University; (4) making inquiries and performing tests to the extent we considered necessary to achieve our purpose; and (5) reviewing applicable state laws.

The results of our investigative audit are the findings and recommendations herein.



# Findings

## **Contractor Paid for Services Not Provided**

**A Northwestern State University (University) Continuing Education Department employee created a fictitious invoice at the direction of her supervisor, Dr. Alvin Brossette. Dr. Brossette, dean of the University's Continuing Education Department, submitted the fictitious invoice to the University as support for a contract that the University was monitoring on behalf of the State of Louisiana Department of Economic Development (DED). Attached to the fictitious invoice was a list of individuals that supposedly received training through the contract with DED. Although the training did not take place, the University issued a check for \$42,331 based on the fraudulent information submitted by Dr. Brossette. As a result, the Ben D. Johnson Educational Center received \$42,331 that it was not entitled to receive.**

In June 1998, the University entered into an agreement with DED to monitor a workforce development and training contract (contract) with Alliance Compressors. The original amount of the contract was \$122,669 and the purpose was to provide training for Alliance Compressors' new employees. *(See excerpt from contract below.)* The contract required that training be provided through the Ben D. Johnson Educational Center in Natchitoches. The contract further provided that Alliance

Compressors submit reports to the University's Continuing Education Department detailing progress toward the training objectives. The University was given the responsibility of disbursing the funds to pay for the training. Dr. Alvin Brossette, dean of the Continuing Education Department, monitored the contract on behalf of the University.

### ARTICLE I. PURPOSE

Alliance Compressors is requesting assistance in the amount of \$122,669 to provide training for 130 new employees at their plant in Natchitoches. This training will involve job specific skills and team building based on the Saturn Corporation program. They are also requesting assistance in building the basic academic skills of 60 new hires. These skills will be taught through the Ben Johnson Educational Center in Natchitoches. The skills taught can bring the educational level of these employees up one grade level.

Alliance Compressors used \$80,338 to train the 130 new employees included in the grant. The remaining \$42,331 was to be paid to the Ben D. Johnson Educational Center for building the basic academic skills of 60 new hires.

**Dr. Brossette submitted a letter to DED stating that 56 individuals completed training and development at the Ben D. Johnson Educational Center.**

On June 16, 2000, Dr. Brossette submitted a letter to DED stating that 56 individuals had completed training and development at the Ben D. Johnson Educational Center. The Ben D. Johnson

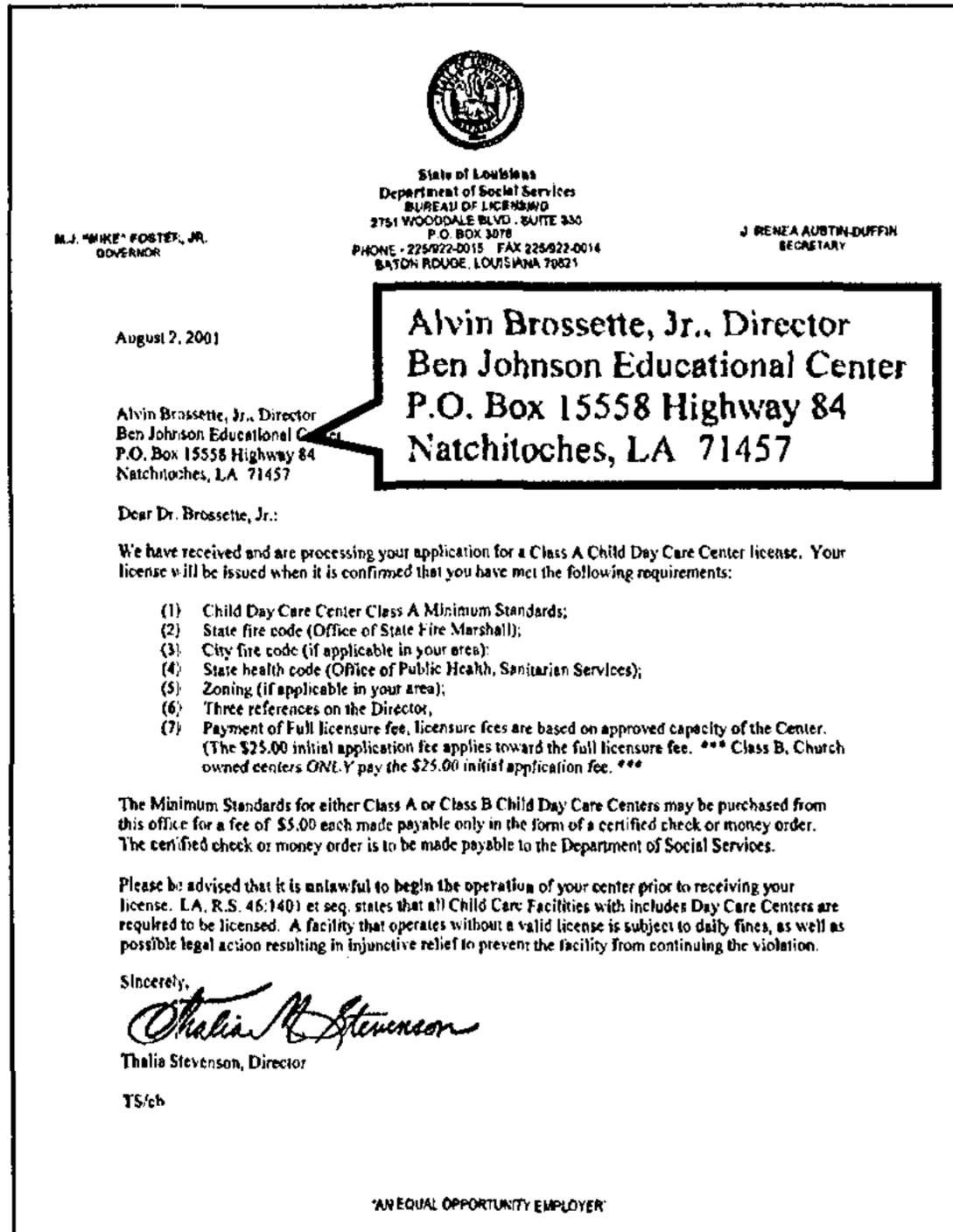


The invoice submitted to the University by Alliance Compressors was fraudulent. Dr. Brossette stated that the \$42,331 paid to the Ben D. Johnson Educational Center was actually reimbursement for computers that were purchased for training Alliance Compressors' employees. Dr. Brossette further stated that Mr. Jeff Risinger, former Alliance Compressors' employee, gave him the list of names that were submitted to the University.

Mr. Risinger stated that he was not aware of any list submitted to the University. Mr. Risinger further stated that the \$42,331 was to reimburse the Ben D. Johnson Educational Center for computers and software. Mr. Risinger added that the Ben D. Johnson Educational Center needed to be reimbursed and Alliance Compressors was the conduit for the reimbursement.

**A check register from the Ben Johnson Educational Foundation shows that three checks totaling \$6,336 were issued to Dr. Brossette.**

It appears Dr. Brossette was also an employee of the Ben D. Johnson Educational Center. Therefore, Dr. Brossette was the employee of two parties to the contract, the service provider and the independent monitor. A check register from the Ben Johnson Educational Foundation shows that three checks totaling \$6,336 were issued to Dr. Brossette during the period June 30, 2000, through August 30, 2000. These wages were reported on the Ben Johnson Educational Foundation's quarterly wage report to the Department of Labor. In addition, we obtained numerous documents from the Ben Johnson Educational Foundation which suggest that Dr. Brossette was a director or administrator of the Ben Johnson Educational Foundation. These documents include an application with DSS to obtain a license to operate a day care facility. DSS acknowledged this application by sending a letter to Dr. Brossette as the director. (See letter above.)



Dr. Brossette maintains that he has never been paid by the Ben D. Johnson Foundation. Dr. Brossette stated that he is not a director of the day care facility and only put his name on the DSS application to speed up the process.

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

- R.S. 14:26, "Conspiracy"<sup>1</sup>
- R.S. 14:133, "Filing False Public Records"<sup>2</sup>
- R.S. 14:67, "Theft"<sup>3</sup>
- R.S. 14:134, "Malfeasance in Office"<sup>4</sup>
- R.S. 42:1111(C)2(d), "Prohibited Compensation"<sup>5</sup>

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

### **Employees Paid for Hours Not Worked**

**Dr. Brossette submitted documents to the University and the State of Louisiana Department of Labor (DOL) that appear to be falsified. As a result, Dr. Glenn Moffett, assistant professor at the University, received payment for services he may not have provided. In addition, Mr. Kevin Nora, instructor, and Dr. Sherman Vogel, assistant professor, received payments for services they did not provide. Mr. Nora stated that he was required to give a portion of his paycheck to Dr. Moffett.**

The University administers two grants for DOL to fund an Incumbent Workers Training Program (Program) at Alliance Compressors and ConAgra Poultry. These two grants are also administered through the University's Continuing Education Department. In May 2001, Dr. Moffett became the coordinator for the program at the request of Dr. Brossette.

<sup>1</sup> R.S. 14:26 provides, in part, that criminal conspiracy is the agreement or combination of two or more persons for the specific purpose of committing any crime; provided that an agreement or combination to commit a crime shall not amount to a criminal conspiracy unless, in addition to such agreement or combination, one or more of such parties does an act in furtherance of the object of the agreement or combination.

<sup>2</sup> R.S. 14:133 provides, in part, that filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, any forged document, any wrongfully altered document, or any document containing a false statement or false representation of a material fact.

<sup>3</sup> R.S. 14:67 provides, in part, that theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

<sup>4</sup> R.S. 14:134 provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.

<sup>5</sup> R.S. 42:1111(C)2(d) provides, in part, that no public servant shall receive anything of economic value for or in consideration of services rendered from any person for whom such public servant would be prohibited from receiving a gift. R.S. 42:1115 prohibits public servants from receiving a gift from anyone who has a business relationship with their agency.

On June 13, 2001, and July 24, 2001, Dr. Moffett submitted separate time sheets claiming a total of 90 hours (60 hours and 30 hours, respectively) worked and received payment of \$10,990.28 or approximately \$122 per hour. These time sheets were initialed by Dr. Moffett and signed as approved by Dr. Brossette. On September 28, 2001, DOL sent an e-mail to a University employee stating that the maximum rate of pay plus fringe benefits on these two grants was \$27.50 on one and \$31.25 on the other. As a result, on October 9, 2001, Dr. Brossette submitted a letter to DOL stating that the original time sheets contained "... misinterpretations of the hours intended. . . ." (*See letter below.*) Dr. Brossette's letter states that the total hours worked on these two contracts should have been 368 instead of 90. Attached to this letter were new time sheets for Dr. Moffett that

**Dr. Moffett was paid \$10,990.28 or approximately \$122 per hour for a total of 90 hours.**

October 9, 2001

Julia Crow  
Incumbent Worker Training Program Specialist

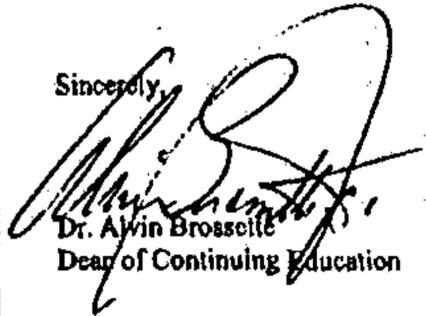
Subject : Alliance and ConAgra LDOL Grants  
Re : Salary Approvals

This letter is in reference to the coordination fees for ConAgra and Alliance Incumbent Worker Training Programs for the dates: 5/01/01 - 6/15/01, 7/03/01 - 08/03/01, and 08/04/01 - 09/04/01. There were misinterpretations of the hour's intended made on the individual Extra Services contracts for Dr. Moffett. Contract number 01-280 which covered 5/01/01 - 6/15/01 should have a total hour's worked (full time) of 240 instead of 60. Contract number 02-046 which covered 7/03/01 - 8/03/01 should have a total hour's worked of 128 instead of 30. In addition, contract number 02-076 which covered 8/04/01 - 9/04/01 should have a total hour's worked of 128 instead of 30.

DATES	CONTRACT	AMOUNTS
5/01/01 - 6/15/01	01-280	\$7,240.28
7/03/01 - 08/03/01	02-046	\$3750.00
08/04/01 - 09/04/01	02-076	\$3750.00

Your immediate review and approval to this request is appreciated very much.

Sincerely,



Dr. Alvin Brossette  
Dean of Continuing Education

were signed by Dr. Brossette. Therefore, it is not clear how many hours Dr. Moffett worked or whether he provided services commensurate with the pay he received. It does appear that Dr. Moffett was paid excessively for the number of hours he originally reported and his time sheets were falsified.

Dr. Moffett stated that Ms. Hayes originally told him that he could only get paid for 30 hours on the time sheet dated July 24, 2001. According to Dr. Moffett, Ms. Hayes later said that he could get paid for 128 hours. Dr. Moffett stated that he worked much more than the number of hours he reported. Dr. Moffett also stated that he does not have any documentation to support the actual number of hours he worked. Dr. Moffett added that he does not need this documentation because he has a photographic memory.

In March 2002, Dr. Moffett hired Mr. Nora to serve as an instructor for the program. Mr. Nora's pay was based on the number of students that attended the classes he taught.

According to Mr. Nora, names were added to the attendance sheets after he turned them in to Dr. Moffett. Based on interviews of the students, on 40 occasions names were added to the attendance sheet though the students were not present for the class. Mr. Nora's pay consisted of \$33.33 for

each unit of training provided. One unit of training consists of three hours per student. Mr. Nora was paid for 40 units or 120 hours of instruction that he did not provide. Therefore, Mr. Nora received \$1,333 that he was not entitled to receive.

**Mr. Nora states that names were added to the attendance sheets after he turned them in to Dr. Moffett.**

**Mr. Nora stated that Dr. Moffett asked for half of his paycheck.**

**Mr. Nora claims that he gave \$1,000 cash to Dr. Moffett.**

According to Mr. Nora, when he received his first paycheck, Dr. Moffett stated that he (Moffett) was supposed to get half of the check. Mr. Nora stated that he needed the money and could only afford to give Dr. Moffett \$500 from that check. Mr. Nora further stated that Dr. Moffett also asked for half of his second check. According to Mr. Nora, he

gave Dr. Moffett \$500 from the second check. Therefore, Mr. Nora claims that he gave \$1,000 cash to Dr. Moffett. Mr. Moffett stated that he never asked Mr. Nora for any money.

University policy allows faculty to be paid up to 25% above their regular salary per fiscal year for providing extra services. Dr. Moffett reached this 25% limit in May 2002 related to his coordinator position with the program. Dr. Moffett recommended that Dr. Vogel assume the duties of coordinator of the program.

During the period May 2002 through June 2002, Dr. Vogel was paid \$7,520 for 360 hours of work. According to Dr. Vogel, he did not actually work all of the 360 hours that he reported on his time sheets. Though Dr. Vogel stated that he did not work all of these hours, he could not quantify the

**Dr. Vogel stated that he did not work all of the hours that he reported on his time sheets.**

actual number of hours he worked. Furthermore, Dr. Vogel could not provide any documentation to substantiate the amount of time he actually spent coordinating the program. Dr. Vogel stated that he would be willing to pay the money back. Dr. Vogel stated that Dr. Moffett instructed him to report 360 hours of work. Dr. Brossette approved Dr. Vogel's time sheet. According to Dr. Brossette, Dr. Vogel worked the number of hours reported.

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

- R.S. 14:67, "Theft"<sup>6</sup>
- R.S. 14:133, "Filing False Public Records"<sup>7</sup>
- R.S. 14:134, "Malfeasance in Office"<sup>8</sup>

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

---

<sup>6</sup> R.S. 14:67 provides, in part, that theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

<sup>7</sup> R.S. 14:133 provides, in part, that filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, any forged document, any wrongfully altered document, or any document containing a false statement or false representation of a material fact.

<sup>8</sup> R.S. 14:134 provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.



# Recommendations

We recommend that Northwestern State University implement policies and procedures to ensure that all grant expenditures are properly and accurately documented and to ensure that employees include only accurate information on their time sheets. The University should ensure that all grant payments are made in accordance with the terms of the grant. The University should also ensure that employees actually work the number of hours reported. Policies should instruct supervisors as to their responsibility to ensure that time sheets are properly prepared and accurate. Finally, we recommend that the District Attorney for the Tenth Judicial District review this information and take appropriate legal action, to include seeking restitution.



**Attachment I**  
**Management's Response**



**NORTHWESTERN**  
**State University**  
A Member of the University of Louisiana System  
Natchitoches, Louisiana 71497

Office of the President

Telephone (318) 357-6441  
Fax (318) 357-4223

02 OCT 24 11 09:50

October 22, 2002

Daniel G. Kyle, CPA, CFE  
Office of Legislative Auditor  
State of Louisiana  
1600 North Street  
Baton Rouge, LA 70804-9397

Re: Investigative Audit Report

Dear Dr. Kyle:

Northwestern State University concurs with the findings and recommendations contained in the investigative audit report prepared by the Office of the Legislative Auditor. This problem was brought to the attention of management by university employees, at which time an internal audit revealed findings that were reported to the Office of the Legislative Auditor. The university will not tolerate abuse of the public trust and will initiate the following actions in response to the report:

- *Enforce policies and procedures that ensure proper and accurate documentation of all grant expenditures and ensure that all grant payments are made in accordance with the terms and conditions of the grant;*
- *Ensure that employees actually work the number of hours reported and that their time sheets include only accurate information to this effect;*
- *Instruct supervisors of their responsibility to ensure that timesheets are properly prepared and accurate;*
- *Institute appropriate disciplinary action relative to employees; and*
- *Proceed to take all appropriate legal actions.*

If you require additional information, please feel free to contact me.

Sincerely,

Randall J. Webb  
President

RJW/lm