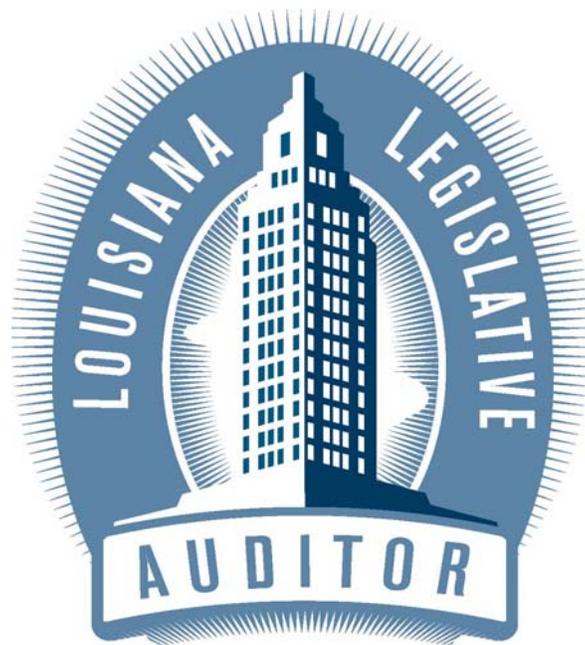


NORTH ST. ANTOINE SERVICE, INC.



COMPLIANCE AUDIT  
ISSUED SEPTEMBER 17, 2008

**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

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LOUISIANA LEGISLATIVE AUDITOR  
STEVE J. THERIOT, CPA

September 17, 2008

Mr. William M. Dauphin, Jr.  
Executive Director  
North St. Antoine Service, Inc.  
317 Madeline Street  
Lafayette, Louisiana 70505

Dear Mr. Dauphin:

We have audited certain transactions of North St. Antoine Service, Inc. (St. Antoine) for the period July 1, 2005, to June 30, 2007. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the credibility 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*; therefore, we are not offering an opinion on St. Antoine's financial statements or system of internal control nor assurance as to compliance with laws and regulations. The concerns and results of our audit are listed below for your consideration.

1. In 2007, you hired your spouse, Ms. Charlotte Dauphin, as a full-time employee of St. Antoine. Since 1999, you have been employed as executive director of St. Antoine. This employment of your spouse may be prohibited under the Louisiana Code of Governmental Ethics,<sup>1</sup> which prohibits an agency head from employing an immediate family member in his agency unless that family member was employed at least one year prior to the employment of the agency head.
2. Ms. Betty Brown is employed as a part-time bookkeeper at St. Antoine. Records indicate that Ms. Brown personally leases office space to St. Antoine. This business relationship may be prohibited under the Louisiana Code of Governmental Ethics,<sup>2</sup> which prohibits public servants from entering into contracts under the supervision of the agency of such public servant.

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<sup>1</sup>R.S. 42:1119 states, in part, that "No member of the immediate family of an agency head shall be employed in his agency."

<sup>2</sup>R.S. 42:1113 states, in part, that "No public servant, shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant."

Mr. William M. Dauphin, Jr.  
September 17, 2008  
Page 2

3. St. Antoine purchased a used Ford 2007 15-passenger van for \$23,932. Although bids were solicited, the solicitation was not advertised in a newspaper as required by the Louisiana Public Bid Law.<sup>3</sup> Therefore, the purchase does not appear to be in compliance with the Louisiana Public Bid Law.

We make the following recommendations to improve office operations:

1. St. Antoine should ensure that no employees are immediate family members of the head of the agency.
2. St. Antoine should ensure that all employees are aware of the prohibition against entering into contracts with the agency and adopt procedures to ensure that no such contracts are entered into.
3. St. Antoine should review and follow all requirements of the Louisiana Public Bid Law with regard to equipment purchases.

This correspondence represents our findings and recommendations as well as management's response. This correspondence is intended primarily for the information and use of management of St. Antoine and has been delivered to others as required by law. I trust this information will assist you in the efficient and effective operations of the office. Should you have any questions, please contact me at (225) 339-3839 or Mr. Dan Daigle at (225) 339-3808.

Sincerely,



Steve J. Theriot, CPA  
Legislative Auditor

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<sup>3</sup>**R.S. 38:2212 A. (1) (a)** states that "All purchases of any materials or supplies exceeding the sum of twenty thousand dollars to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised, and no such purchase shall be made except as provided in this Part.

**B.(1)** The advertisement required by this Section for any contract for materials or supplies shall be published two times in a newspaper in the locality, the first advertisement to appear at least fifteen days before the opening of the bids. In addition to the newspaper advertisement, a public entity may also publish an advertisement by electronic media available to the general public.

## **North St. Antoine Service, Inc,**

317 Madeline Street

Lafayette, LA 70501

Phone: 337-291-2748 Fax: 337-291-2750

AUGUST 22, 2008

Mr. Steve J. Theriot, CPA  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Re: RESPONSE TO PRELIMINARY DRAFT OF AUDIT CONCERNS AND RESULTS

Dear Mr. Theriot:

We have reviewed your concerns and results of your compliance audit of certain transactions of North St. Antoine Service, Inc. for the period July 1, 2005 to June 30, 2007. The response to your results and concerns are as follows:

1. I hired my wife, Charlotte Dauphin, as a full time employee after careful consideration and after interviewing two other applicants for the position of Director of the Community Youth Service Program ( ten month job). One of the qualified applicants was offered the job, but refused because of the time involved and the cost of her child care. The other applicant seem to lack the qualifications. I simply could not find anyone, who would be willing to start work and wait for their pay indefinitely until we received the money from the State. We did not receive money until December 2007 for the fiscal year 2007-2008. I hired Charlotte Dauphin in September 2007. Her employment was terminated for lack of funds on June 30, 2008.

Further more before and after reviewing the Louisiana Code of Governmental Ethics and specifically LRS 42:1102, it was and is my opinion that a private non-profit corporation such as North St. Antoine Service, Inc. is not a state agency as defined therein. We are a contractor with the State of Louisiana through its Department of the Treasury. We are required to pay state sales tax and do not come under the State Sunshine Law for our Board Meetings because we are not a local governmental entity.

Therefore I do not believe and did not believe at the time that I was an agency head as defined in LRS 42:1102, when I hired my relative.

It should be noted that Charlotte Dauphin is no longer an employee, however in the future if it is determined that I am a "agency head" then I will ensure that none of my immediate family members will be employed and North St. Antoine will ensure that the Executive Director will not hire any of his or hers immediate family.

2. Mrs. Brown, our book keeper (part time employee), has an interest in the office building (Community Property), however we are leasing the office space from her husband. The decision to lease this property was based on economics and convenience. Prior to us leasing the office at

317 Madeline Ave., we were effectively evicted from our office in downtown Lafayette by an enormous increase in rent of the office space from \$800.00 per month to \$3,400.00 per month. We were donated temporary office space, while we searched for permanent office space. We discovered that Mr. Brown had the property for rent at 317 Madeline Ave. for a reasonable rate of \$1,000.00 per month plus utilities. The President of our board thought this location at the corner of St. Antoine Street and Madeline Ave. with almost unlimited parking to be ideal for our purpose ( it being in the heart of neighborhood which we were targeting for services). It should be noted that Mrs. Brown was not personally involved in the decision by North St. Antoine to lease this property, however we did negotiate with her husband.

For the same reasons given in addressing your first concern, I do not believe Mrs. Brown is a public servant as defined under LRS 42:1102 and we did not violate any provisions of the Code of Governmental Ethics as contained in LRS 42:1113.

In the future if it is determined that North St. Antoine is a State Agency then we will ensure that all employees will be aware of the prohibition against entering into contracts with the agency and adopt procedures that no such contracts are entered into.

Please note that we are no longer paying our lease with state funds nor are we paying staff salaries with state funds.

3. In regards to the purchase of the Van, we thought we were complying with Louisiana Public Bid Law by soliciting bids from local vendors. This was a requirement of previous contracts with the State of Louisiana. Apparently we were wrong, however we did try to contact our monitor for advice to no avail.

In the future, I assure you that we shall review and follow all requirements of the Louisiana Bid Law in regards to purchasing equipment with state funds.

In conclusion, I want to emphasize the fact the North St. Antoine is a private non-profit corporation, which entered into a contract with the State of Louisiana, through the Department of the Treasury. I also want to emphasize that those things that may be a violation of the State Employees Code of Ethics were not willfully done in violation of the law and the thought that North St. Antoine was a State Agency or a government entity came as a complete surprise to me as the Executive Director of North St. Antoine Service, Inc..

Sincerely,

A handwritten signature in black ink that reads "William M. Dauphin, Jr." with a stylized flourish at the end.

William M. Dauphin, Jr.  
Executive Director