



Report Highlights

St. Mary Parish Consolidated Gravity Drainage District No. 2

DARYL G. PURPERA,
CPA, CFE

Audit Control # 50130051
Investigative Audit Services • May 2015

Why We Conducted This Audit

This audit was initiated after the Louisiana Legislative Auditor received a letter from the 16th Judicial District Attorney's office stating that it, in its capacity as the District's legal counsel, received allegations that an independent contractor may have misappropriated District funds.

What We Found

Improper Contractual Arrangement and Improper Payments

Peter Businelle, St. Mary Parish Consolidated Gravity Drainage District No. 2 (District) maintenance supervisor, used his position to improperly direct public funds totaling \$2,582,115 to himself while doing business as PAB Welding Service from January 2009 through November 2013. These payments were for maintenance and improvement jobs allegedly performed at District properties with little to no verification of work necessity, completeness, or rate appropriateness. As such, some of these payments may have been for services and/or materials that were not provided, unnecessary, or at inflated prices. By using his position at the District to direct public funds to himself, and by billing the District for services that were not performed, unnecessary, and/or at inflated prices, Mr. Businelle may have violated state and federal laws.

Improper Payments to Former Board Chairman

Mr. Businelle made payments to former Board Chairman Carl Kraemer totaling at least \$42,833 from February 2009 through February 2013. By making payments to Mr. Kraemer, Mr. Businelle may have violated state law. In addition, by receiving payments from a District employee/contractor, Mr. Kraemer may have violated state law.

Lack of Board Governance

The District board failed to create, adopt, maintain, and/or file the appropriate written policies and procedures, public meeting procedures, required tax forms, fiscal controls, and/or other records to properly govern District affairs and safeguard public funds. By failing to safeguard public funds, board members may have violated state law.

Missing District Equipment

Tools and equipment totaling at least \$10,990 were purchased with District funds from November 11, 2009, through January 22, 2013, but are not in the District's possession.

View the full report, including management's response, at www.la.gov.