

VERNON PARISH POLICE JURY



COMPLIANCE AUDIT

ISSUED AUGUST 16 , 2006

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August 16, 2006

**HONORABLE RAY PYNES, PRESIDENT, AND
MEMBERS OF THE VERNON PARISH POLICE JURY**

Leesville, Louisiana

We have reviewed certain transactions of the Vernon Parish Police Jury (Police Jury) in accordance with Title 24 of the Louisiana Revised Statutes. Our review was performed to determine whether (1) roads adopted into the parish road maintenance program complied with the Parish Transportation Act; (2) the Police Jury adhered to the Louisiana Public Bid Law when purchasing materials and supplies; (3) the Police Jury failed to withhold taxes from employee wages; and (4) a former employee was paid for time not worked.

Our review consisted primarily of examination of selected financial records, other documentation, and a review of the Police Jury's policies, procedures, and practices. The scope of our review was significantly less than that required by *Government Auditing Standards*; therefore, we are not offering an opinion on the Police Jury's financial statements or system of internal control nor assurance as to compliance with laws and regulations.

The accompanying report presents our findings and recommendations as well as management's response. Copies of this report have been delivered to the Honorable William E. Tilley, District Attorney for the Thirtieth Judicial District; Honorable Charles C. Foti, Jr., Louisiana Attorney General; and others as required by state law.

Respectfully submitted,

Steve J. Theriot, CPA
Legislative Auditor

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Police Jurors Fail to Comply With State Law and Local Ordinances

During the period February 1999 to August 2004, Vernon Parish police jurors accepted at least 94 roads into the parish public road program in violation of their local ordinances and Article 7, Section 14 of the Louisiana Constitution. In addition, the Police Jury spent public funds totaling \$129,043 for materials, equipment, and labor to maintain 44 of the 94 roads. Furthermore, during the same time period, the Police Jury violated the Parish Transportation Act (PTA) by not properly preparing and administering its capital improvement program. Finally, during fiscal years 2002 through 2004, the Police Jury failed to comply with the Local Government Budget Act by not periodically amending its budgets during the course of each year.

Background

Louisiana Revised Statute (R.S.) 48:751-762 (PTA) and local ordinances govern the manner in which roads are constructed, replaced, maintained, and accepted into the public road maintenance program by local governments, as well as the system of administration by which public funds are expended on public roads. The legislature established a special fund in the state treasury designated the "Parish Transportation Fund" to be used, in part, to repair roads, bridges, causeways, dykes, dams, levees, and highways when, in the opinion of the parish governing authority, such work will be in the best interest of the parish road system.

The PTA, in part, requires parishes to (1) develop a three-year capital improvement program for the construction, replacement, and maintenance of roads; (2) only construct roads based upon engineering plans and inspection; and (3) adopt a system of road administration for all road projects. According to the PTA, within the capital improvement program, parishes are required to establish a parish-wide selective maintenance program that is prepared and administered by the parish road manager. The Louisiana Attorney General previously has opined that the PTA, which requires parishes to adopt a "system of road administration," is mandatory substantive law regardless of the source of funding for a particular road project (97-267).

The Police Jury adopted ordinances that outline regulations for the construction, replacement, maintenance, and acceptance of roads into the parish road maintenance program by the parish. The local ordinances follow the requirements of the PTA. For example, before a private road can be accepted by the parish, and therefore accepted into the parish-wide selective maintenance program, the ordinances require, in part, engineering plans and inspections of the road and the inspection of the road by the parish road manager.

According to Police Juror and Chairman of the Highway/Road Construction Committee (Road Committee) Jim Tuck, the Road Committee is comprised of three police jurors. The Road Committee is responsible for reviewing information from the parish road manager relating to road maintenance and roads proposed by the parish road manager to be accepted by the parish. After reviewing the information, the Road Committee is responsible for making recommendations on road construction, maintenance, and acceptance into the parish road maintenance program to the Police Jury during public meetings. However, according to the

Acting Secretary/Treasurer, the Road Committee has no written duties or policies and procedures by which it operates.

Since May 1990, at least seven audits by the parish's certified public accountant and Louisiana Legislative Auditor advised jurors (1) that adopting roads into the parish road maintenance program should be performed in accordance with the PTA, (2) to discontinue the practice of instructing road crew employees to perform work on private property, and (3) that these actions were in violation of the Louisiana Constitution and the PTA. Jurors have since continued to accept private property into the parish road maintenance program that does not meet the requirements of the local ordinance and PTA.

Parish Transportation Act Violations

According to the PTA, the Police Jury is required to develop a three-year capital improvement program inclusive of a selective maintenance program of all parish roads based on a priority ranking for the most critical needs existing parish-wide. The PTA also requires the selective maintenance program to be prepared and administered by the parish road manager. The act specifically forbids the Police Jury from operating a Ward System for road maintenance, a system driven by individual jurors and not the most critical needs of the parish as a whole.

The Police Jury developed and annually updates a five-year selective maintenance program. However, the individual police jurors bypassed the parish road manager, Mr. Carlton McKee and the Road Committee and directed parish materials and maintenance personnel to work on privately owned property. As a result of these actions, the Police Jury violated the PTA by accepting private property into the parish road maintenance program then using the Ward System to approve maintenance on those properties.

Mr. McKee was employed as the parish road manager for over 10 years. In September 2004, Mr. McKee informed a representative for the Louisiana Attorney General that approximately five or six years ago, he stopped the practice of approving every request from jurors to accept a road into the parish road maintenance program and only approved roads that met parish guidelines.

According to Mr. McKee, the parish road maintenance program is not prepared by him but rather by each juror and his respective district foreman. Jurors not only decide which roads are included in the maintenance program, but they also direct maintenance to roads outside of the program. Five jurors confirmed the parish road maintenance program is prepared by jurors and the road foreman of their respective districts. The jurors and road foremen indicated they decide the order in which roads are repaired. For example, according to District 10 Road Foreman Henry Wilson, around December 2003, Police Juror Curtis Clay instructed him to perform work on Rodeo Drive. Mr. Wilson stated he was instructed to do the work needed to bring the road to specifications, including installing road materials and drainage.

According to Mr. Clay, he asked Mr. McKee to inspect Rodeo Drive, and once the road was inspected it was put on the Police Jury agenda to be accepted into the parish road maintenance program. He stated that he assumed that because Mr. McKee and Mr. Wilson inspected Rodeo

Drive, the road was in good condition and could be accepted by the parish. According to Mr. McKee, Mr. Clay never asked him to inspect Rodeo Drive. On June 24, 2004, representatives of the Legislative Auditor questioned the authority of the Police Jury to accept Rodeo Drive into the parish road maintenance program. On June 29, 2004, in response to the auditors' inquiry, the Police Jury acknowledged that accepting the road was an oversight and on July 6, 2004, rescinded the road from the parish road maintenance program.

The intent of the PTA is to require the parish government to operate on a parish-wide basis. In making decisions and setting priorities, the act requires that the governing authority consider the parish as a whole and not make decisions and set priorities based on political boundaries (wards) within the parish. It appears the Police Jury did not comply with the provisions of the PTA by not allowing Mr. McKee to prepare and administer the selective maintenance program and by operating a Ward System for road maintenance.

Local Ordinance and Constitutional Violations

From February 1999 to August 2004, the Police Jury accepted at least 94 roads into the parish road maintenance program in violation of its internal policies, local ordinances, and Article 7, Section 14 of the Louisiana Constitution. According to road maintenance and labor records, the Police Jury spent public funds totaling \$129,043 for material, equipment, and labor to maintain 44 of the 94 roads.¹

According to the Vernon Parish Code of Ordinances, Chapters 17 and 19, roads, streets, and drainage ditches are accepted by the parish (and therefore into the parish road maintenance program) after land is improved by the landowner and meets strict ordinances established by the Police Jury for the construction of roads, streets, and drainage ditches. For example, Chapter 19 requires, in part, the following before a road can be accepted by the Police Jury:

1. All subdivisions will be inspected by the parish supervisor before acceptance by the Police Jury to insure that all of the requirements have been met.
2. All materials used to construct roads, streets, and drainage ditches must be tested by a testing laboratory with test results submitted to the parish engineer covering each phase of construction.
3. The contractor and/or land developer will maintain the subdivision streets for a period of one year after acceptance into the parish road maintenance program by the Police Jury.
4. Complete plans and specifications covering lots, streets, drainage, and other improvements must be prepared by a state registered engineer and land surveyor and submitted to the parish engineer.

¹Article 7, Section 14 of the Louisiana Constitution provides, in part, that except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

According to Mr. McKee, for purposes of complying with local ordinances, he is required to inspect roads considered for acceptance by the parish and to provide his recommendations to the parish's Road Committee for approval. According to Mr. McKee, jurors bypassed him and instructed road foremen in their districts to measure roads they wanted to be accepted then to submit the information to the Road Committee for approval and acceptance by the parish. For example, Mr. McKee stated that former Juror O. C. Haymon bypassed him and used public funds and resources from District 6 to repair Monroe Drive, private property located in District 2. Mr. Charles Isgitt, District 2 Road Foreman, stated Monroe Drive had no houses, and therefore he saw no need for the parish to work on the road.

Mr. McKee reviewed the list of 94 roads that were accepted into the parish road maintenance program. According to Mr. McKee, he did not inspect 77 of the 94 roads as is required by the parish ordinances. He further stated that many of the roads were private driveways made of trails that did not have proper drainage, subsurface or appropriate shoulder measurements to meet parish ordinance requirements to be considered a parish road. He stated that as recent as 2004, some of the roads accepted by the parish still did not meet the ordinance requirements to be included in the parish road maintenance program. Mr. McKee indicated the remaining 17 roads complied with parish ordinances; however, he could not provide records of laboratory testing or detailed plans of the roads' construction and specifications prepared by a state registered engineer and land surveyor as is required by parish ordinances.

According to Police Jury records, the Police Jury spent \$91,206 to maintain 29 of the 94 roads during the first year the roads were accepted into the parish road maintenance program. Had the Police Jury complied with its own ordinances, the contractor and/or land developer would have maintained the roads for a period of one year after acceptance thereby saving the parish \$91,206.

During interviews of Police Jurors in May 2006, six jurors including Mr. Tuck informed representatives of the Legislative Auditor and the Louisiana Attorney General that they were not familiar with parish ordinance requirements for acceptance of roads into the parish road maintenance program. Police Juror Curtis Clay indicated he had never read the parish's ordinances for accepting roads or the PTA. The six jurors indicated that roads considered for acceptance sometimes bypassed Mr. McKee and the Road Committee and were placed directly on the public meeting agendas for acceptance, without discussion by the Road Committee or the Police Jury. Jurors Curtis Clay and Reid Weeks indicated it was an unspoken policy to not interfere with road acceptance in another juror's district. Juror John Hamilton stated that it is his duty to make sure the constituents of his district have well-maintained roads otherwise he may not be reelected.

As previously stated, the Police Jury spent \$129,043 to maintain 44 of the 94 improperly accepted roads. Of the 44 roads, we examined Police Jury records and performed physical inspections of 21 roads. Our examination of the records revealed that \$109,301 was spent to maintain the 21 roads. A physical inspection of the roads revealed that 17 of the roads terminated at the private driveway of a single house; two roads terminated at the private driveways of two or three houses; one road was part of an undeveloped subdivision; and one road terminated at an open field.

The following table is a listing of the 21 roads examined by legislative auditors:

21 Examined Roads					
	Road	Length	District	Date Adopted	Maintenance
1.	Rodeo Drive	5,438 ft	10	December 15, 2003	\$27,304.83
2.	Kaydee Lane	600 ft	4	August 19, 2002	\$10,781.36
3.	Paul Sowell's Extension	1,396 ft	10	April 19, 2004	\$8,686.86
4.	Harold's Drive	980 ft	10	October 20, 2003	\$7,317.20
5.	Monroe Drive	5,710 ft	2	October 20, 2003	\$6,109.20
6.	Droddy Lane	1,355 ft	10	May 15, 2000	\$5,701.43
7.	Pat Williams Road	250 ft	10	October 21, 2002	\$5,517.57
8.	Ronnie Mitchell Road	1,085 ft	1	September 16, 2002	\$4,861.91
9.	Bagents Road	635 ft	10	October 21, 2002	\$4,765.33
10.	Thomas Road	410 ft	10	October 21, 2002	\$4,573.16
11.	Liberty Creek Road	1,200 ft	11	April 21, 2003	\$4,382.17
12.	Bolgiano Loop		12	(no records of acceptance)	\$3,933.76
13.	Diane (Clark) Road		10	May 20, 2004	\$1,727.50
14.	John Gass Road	859 ft	10	October 20, 2003	\$1,204.29
15.	Joy Road	351 ft	10	April 19, 2004	\$51.92
16.	Frank McRae Road	170 ft	6	October 15, 2001	\$673.08
17.	Kenebrew Road	272 ft	10	May 19, 2003	\$1,832.87
18.	Mayo Loop	449 ft	12	October 20, 2003	\$1,444.68
19.	Richard Road	365 ft	10	October 21, 2002	\$5,385.37
20.	Rush Loop	574 ft	10	October 20, 2003	\$2,206.45
21.	T. Dubois Road	985 ft	11	April 21, 2003	\$840.17
Total					\$109,301.11

Because the Road Committee did not perform its required duties of reviewing information from the parish road manager relating to road maintenance and roads proposed for acceptance and because the individual police jurors bypassed the Road Committee, the Police Jury violated Vernon Parish Ordinances and its internal policies.² In addition, because the Police Jury used public funds totaling \$129,013 to maintain 44 of the 94 roads laid on private properties that served no public interest, the Police Jury may have violated Article 7, Section 14(A) of the Louisiana Constitution of 1974 which prohibits funds, credit, property, or things of value of the state or of any political subdivision from being loaned, pledged, or donated to or for any person.

² **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.

Local Government Budget Act Violations

During fiscal years 2002 through 2004, the Police Jury failed to comply with the Local Government Budget Act (LGBA) by not periodically amending its budgets during the course of each year. As a result, the Police Jury did not conduct public meetings, thereby not timely informing the citizens of Vernon Parish of budget overspending and adjustments or giving its citizens adequate participation in the budget process during the three-year period.³

The Police Jury is required to comply with the provisions of the LGBA, R.S. 39:1301-1315. The LGBA requires, in part, that the Police Jury adopt an annual budget during a public meeting for the general fund and each special revenue fund; amend the budget during a public meeting when total projected revenues or expenditures for the year within a fund fail to meet estimated annual budgeted revenues or expenditures by five percent or more; and use the budget to monitor Police Jury operations during the course of the year. The Louisiana Attorney General previously has opined that pursuant to R.S. 39:1310, “. . . when the governing authority has received notification of specific changes in total revenue and/or total actual expenditures, or there has been a change in operations, upon which the original adopted budget was developed, the governing authority . . . shall adopt a budget amendment in an open meeting to reflect such change.”⁴ The LGBA further provides that any public official or officer that violates, either knowingly or intentionally, the provisions of this statute, either through the adoption of an original budget or through amendment to a legally adopted budget shall be a violation of R.S. 14:134 “Malfeasance in Office” and shall be subject to the penalties contained therein.

During fiscal years 2002 through 2004, the Police Jury did not properly amend its budgets when it became apparent during the course of each year that the general and certain special revenue funds expenses would exceed budgeted expenses by more than five percent. Instead, the Police Jury waited until the last month of each fiscal year to adopt an amended budget in a public meeting. As a result, the Police Jury routinely overspent funds throughout the year in excess of the five percent limitation without amending the budgets in public meetings as required by the LGBA. Therefore, because the Police Jury waited until the end of the fiscal year to publicly amend the budgets, it did not properly inform the citizens of Vernon Parish of budgetary overspending and adjustments or give its citizens adequate participation in the budget process. Records indicate, however, that throughout each year Secretary/Treasurer Grady Stephens advised jurors and the Finance Committee of their overspending in writing and requested that funds be transferred from other accounts to cover fund shortages.

³R.S. 39:1301-1315 provides, in part, that the police jury prepare and adopt a budget for the general fund and each special revenue fund, to amend the budgets when total projected revenues or expenditures for the year within a fund fail to meet estimated annual budgeted revenues or expenditures by five percent or more, and to use the budget to monitor police jury operations during the year. It further provides that any public official or officer that violates, either knowingly or intentionally, the provisions of this statute, either through the adoption of an original budget or through amendment to a legally adopted budget shall be a violation of R.S. 14:134 “Malfeasance in Office” and shall be subject to the penalties contained therein.

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⁴Opinion No. 06-0053

According to Mr. Stephens, the largest year of overspending occurred in 2003. On December 8, 2003, during a public meeting, the Police Jury amended the 2003 budget. According to Police Jury records, the projected expenditures from the "Road Overlay Program" fund was amended to increase from \$2,314,950 to \$4,669,225--an increase of just over 100 percent. During the year, the Road Overlay Program fund was overspent in various parish wards. In a memorandum from Mr. Stephens to the Police Jury, Mr. Stephens advised the jurors that as of September 30, 2003, actual expenses for the Road Overlay Program fund exceeded revenues by \$457,540. According to the memorandum, actual expenses were \$3,419,380; however, budgeted projected expenditures for the entire year were \$2,314,950. Actual expenditures represented an increase over the projected expenditures for the year by 48 percent. Despite Mr. Stephens' memorandum warning of overspending, the Police Jury did not amend the budget until the December 8, 2003, public meeting.

According to Mr. Stephens, former Juror O. C. Haymon continued to overspend District 6 funds despite repeated warnings during 2003. District 6 funds were overspent by \$447,701. He stated that because of the overspending in 2003, the Police Jury was forced to transfer funds from its general fund to cover the shortage. As a result, during 2004, the Police Jury obtained a \$280,000 bank loan as a short-term solution to cover a shortage in the general fund and to ensure the general fund would have a positive ending balance. Furthermore, on November 22, 2004, Mr. Stephens informed jurors that based on their current spending and existing revenue, he estimated the Police Jury would need to borrow an additional \$800,000 to \$900,000 by the latter part of 2005, to bring the general fund to a positive ending balance.

The LGBA requires that expenditures be monitored during the fiscal year and the budget amended in a public meeting when expenditures are failing to meet the annual budget of five percent or more. By not properly amending the budget during fiscal years 2002 through 2004, the Police Jury may have violated the LGBA.

Contracts Awarded Through Flawed Bid Process

Each December for 2000 through 2004, the Police Jury solicited sealed bids from vendors to provide materials and supplies used in maintaining its vehicles and equipment to the Police Jury. Each January following the bid solicitations, Scogin Auto Parts, Inc. (Scogin) was awarded contracts resulting in purchases by the Police Jury totaling \$94,529. However, according to Parish Road Manager Carlton McKee, Police Jury President Ray Pynes instructed him to give Mr. Angelo Simonelli, General Manager of Scogin, the sealed competitive bids prior to the official awarding of the contract, thereby giving Mr. Simonelli the opportunity to review and adjust Scogin's bid as Mr. Simonelli determined necessary. According to Mr. Pynes, he did not instruct Mr. McKee to give selected bids to Mr. Simonelli (see attached response). By providing Mr. Simonelli with competitors' bids prior to bid opening, Mr. Pynes and Mr. McKee may have violated state law and Police Jury policy.

Police Jury Policy

Police Jury policy closely follows Public Bid Law, Title 38 Sections 2181-2316 of the Louisiana Revised Statutes. The law is designed, if followed, to promote fair competitive prices offered to the Police Jury when purchasing such items as materials and supplies. Police Jury policy states, in part:

Opening of Bids: R.S. 38:2214A:

- Bids that do not arrive at the designated place by the appointed time cannot be considered and should not even be opened. They should be marked with the time received and **returned to the bidder unopened.**

Contract Award: R.S. 38:2215:

- Award the contract to the lowest responsible bidder.
- Reject any or all bids for just cause.

Police Jury Practice

Each year, the Police Jury seeks competitive bids from vendors interested in providing materials and supplies (filters, batteries, and accessories) to be used in maintaining its vehicles and heavy equipment. During November or December, requests for competitive bids are advertised locally for purchases to be made the following year. When received by the Police Jury, the bids are time and date stamped, and on bid opening day all bids are opened for public inspection and read aloud. The contract is awarded the following January. The parish road manager is responsible for opening the sealed bids for materials and supplies, reviewing the bids, and submitting his recommendation to the Police Jury for acceptance. According to Mr. McKee, he reviews the bids by totaling the line-item costs of each bid and then makes recommendations to the Police Jury.

Violations of Police Jury Policy and the Public Bid Law

The Police Jury appears to have followed the process as stated above. However, prior to opening the bids publicly, Mr. McKee would review the bids privately and then give the bids to Scogin for review. According to Mr. McKee, whenever a competitor's bid was lower than Scogin's bid, Police Juror Ray Pynes instructed him to deliver the bids to Mr. Simonelli. Mr. McKee informed Mr. Simonelli that Mr. Pynes wanted Scogin to be the lowest bidder. According to Mr. McKee, Mr. Simonelli reviewed the competitor's bids and adjusted Scogin's bids as he determined necessary and then returned the revised bids to Mr. McKee.

According to Mr. Simonelli, he has never received assistance from any Police Jury employee prior to being awarded the contracts. On May 26, 2005, Mr. Simonelli informed representatives of the Louisiana Attorney General and Legislative Auditor that he had retained an attorney. Representatives of the Legislative Auditor made several attempts to contact Mr. Simonelli's attorney; however, his attorney did not respond to the calls.

Mr. McKee stated that although he knew it was inappropriate to give competitor's bids to Mr. Simonelli, he did not speak to anyone about his actions other than Mr. Pynes. Mr. Pynes stated although there is an unwritten policy that the Police Jury does business with local vendors, he did not advise Mr. McKee to give Mr. Simonelli the opportunity to adjust his bids. He stated, however, if he had anything to do with the bid process he would give the bid to Scogin. From January 2001 to January 2005, the Police Jury awarded Scogin material and supply contracts totaling \$94,529. By giving competitors' bids to Mr. Simonelli for his review and not subsequently rejecting all of Scogin's bids (for just cause), Mr. McKee's actions may be in violation of Police Jury policy and R.S. 38:2215.

We examined the January 2001 through January 2005, competitive bids and related Police Jury purchases from Scogin and noted other possible violations of Police Jury policy and Public Bid Law as follows:

2001 - During the year, the Police Jury purchased \$15,941 in materials and supplies from Scogin. The Police Jury received sealed bids until the bid opening date of December 15, 2000. Bids were received from Lake Charles Truck Equipment on December 12, 2000, and Scogin on December 15, 2000. A comparison of the two bids indicate the vendors submitted bid prices to supply 82 of the same or compatible filters. However, further examination of the Scogin bid revealed that the original price per filter for the 82 filters was altered to reflect the same bid amount per filter as the bid submitted by Lake Charles Truck Equipment. On January 8, 2001, despite the altered documents, Scogin was awarded the contract.

2002 - During the year, the Police Jury purchased \$18,126 in materials and supplies from Scogin. The Police Jury received sealed bids until the bid opening date of January 22, 2002. Bids were received from O'Reilly Auto Parts on December 28, 2001, and Scogin on January 17, 2002. Although Scogin was awarded the contract, a comparison of the bid documents indicates O'Reilly Auto Parts submitted the lower bid. By not awarding the contract to the lowest responsive and responsible bidder, the Police Jury may have violated R.S. 38:2215.

2003 - During the year, the Police Jury purchased \$19,995 in materials and supplies from Scogin. The Police Jury received sealed bids until the bid opening date of December 3, 2002. Bids were submitted by Lake Charles Truck Equipment on December 2, 2002, and O'Reilly Auto Parts on December 3, 2002. The Police Jury could not provide records to indicate when the Scogin's bid was received. Scogin's bid document indicates it was prepared on November 22, 2002. However, a closer examination of the bid document indicates it was prepared December 13, 2002, 10 days after the bid opening date and that the date was altered to reflect the November 22, 2002, date. Scogin's prices were lower than the properly submitted bids and subsequently awarded the contract. By accepting Scogin's bid after the bid date, the Police Jury may have violated R.S. 38:2214A.

2004 - During the year, the Police Jury purchased \$24,658 in materials and supplies from Scogin. According to Police Jury records, notices sent to vendors indicated bids were to be received in the Police Jury Office by the bid opening date of December 12, 2003. Records indicate sealed bids were received from Scogin Auto Parts on December 11, 2003, and O'Reilly Auto Parts on December 12, 2003. Although Police Jury records indicate the bid from Scogin was received on December 11, 2003, an examination of the bid document indicates it had been altered to conceal that the document was originally prepared on December 19, 2003, seven days after the bid opening date. Although Scogin was awarded the contract, comparisons of the bid documents indicate O'Reilly Auto Parts submitted the lower bid. By not awarding the contract to the lowest responsive and responsible bidder, the Police Jury may have violated R.S. 38:2215. By accepting Scogin's bid after the bid date, the Police Jury may have violated R.S. 38:2214A.

2005 - During the year, the Police Jury purchased \$15,808 in materials and supplies from Scogin. The Police Jury received sealed bids until the bid opening date of December 17, 2004. Bids were received from O'Reilly Auto Parts on December 14, 2004, and NAPA Auto Parts on December 16, 2004. In addition, records indicate the Police Jury received two separate bids from Scogin Auto Parts. One bid indicates it was prepared December 14, 2004, and another December 22, 2004, five days after the bid opening date. The Police Jury could not provide records to indicate when Scogin's official bid was received. A comparison of bids from all three vendors indicate the bid from Scogin dated December 22, 2004, contained 61 filter prices that were altered reducing the price per filter to the exact price per filter as the bid submitted by O'Reilly Auto Parts on December 14, 2004. Of the three vendors and before the altered Scogin Auto Parts bid, O'Reilly appeared to have submitted the lower price per filter. On December 20, 2004, the Police Jury awarded Scogin the contract as the low bidder. By accepting Scogin's bid after the bid date, the Police Jury may have violated R.S. 38:2214A.

From January 2001 to December 2005, Scogin Auto Parts, Inc., was awarded contracts through a flawed competitive bid process that resulted in the Police Jury purchasing materials and supplies totaling \$94,529. Public Bid Law, when followed, is designed to promote competition for goods and services purchased by public agencies. However, the Police Jury's practice of awarding contracts was performed in a manner that did not promote competition, may have prevented the Police Jury from receiving the best possible competitive prices, and may have violated the Public Bid Law.

Failure to Withhold Income Taxes

From July 1999 to April 2005, the Police Jury's former Secretary/Treasurer, Grady Stephens, was paid \$40,400 above his regular salary and outside of the normal payroll process. In possible violation of state and federal laws, the Police Jury did not classify the \$40,400 as wages. As a result, income tax withholdings were not deducted from the \$40,400. The Internal Revenue Service and State of Louisiana require the Police Jury to withhold income taxes from employees' wages and then forward those withholding taxes to the respective governments.

Of the \$40,400 in payments, \$26,000 was paid to Mr. Stephens between July 1999 and October 2003, and recorded as “auto allowance” and \$14,400 was paid to him between November 2003 and April 2005, and recorded as “in lieu of retirement benefits.” In addition, the payments were not treated as part of his payroll, and therefore, were not subjected to withholding taxes.

According to Police Jury records, in June 1999, Mr. Stephens accepted the additional responsibility of applying for and managing federal grants and in turn, the Police Jury voted in a public meeting to reimburse Mr. Stephens the expense of traveling around the parish in the course of his added responsibilities. According to public meeting minutes, the Police Jury agreed to reimburse Mr. Stephens a “vehicle allowance of \$500 per month.” In November 2003, the Police Jury President and Chairman of the Personnel Committee agreed to change the name of the payments to “in lieu of retirement benefits” and increase Mr. Stephens’ payments to \$800 per month. However, during January 2000, Mr. Stephens was appointed as Secretary/Treasurer and Office Administrative Assistant Mary King assumed the grant responsibilities. Although Ms. King performed the grant duties, she did not receive additional pay; however, Mr. Stephens continued to receive the monthly payments. Both Ms. King and Mr. Stephens stated their additional duties associated with managing grants did not involve travel. According to Mr. Stephens, the Police Jury intended the extra monthly payments to be considered an increase in his salary.

The \$40,400 paid to Mr. Stephens does not represent a documented expense reimbursement and should be considered income and subject to income tax withholdings. By not having federal and state taxes withheld from his wages, Mr. Stephens and the Police Jury may have violated federal and state tax laws. Mr. Stephens provided personal records that indicate on May 12, 2005, he made income tax payments to the state and federal governments for the \$40,000 he was paid.

Former Employee Paid for Hours Not Worked and Expenses Not Incurred

From May 16, 2000, through February 17, 2004, the Police Jury paid Mr. Thomas Roberts, former employee, \$47,695 to remove trash and debris from the parish using his personal vehicle. However, the Police Jury failed to supervise Mr. Roberts or properly approve Mr. Robert’s time sheets and travel expense reports. According to Police Jury and third party records, the Police Jury paid Mr. Roberts at least:

- (1) \$15,303 for hours worked and travel expense while working the same hours for other employers;
- (2) \$4,491 for hours worked with no corresponding travel expenses to indicate he performed his job duties while working for other employers;
- (3) \$659 for hours worked with no corresponding travel expenses to indicate he performed his job duties; and
- (4) \$158 for travel expenses on days that parish time sheets indicate he did not work.

In addition, Mr. Roberts did not keep actual mileage records but rather kept inaccurate records for travel reimbursement purposes.

Background

On May 16, 2000, the parish hired Mr. Roberts to remove trash and debris from parks and lake areas in the parish. Time sheet records indicate his normal work day was between 6 a.m. and 3:30 p.m., Monday through Friday. Mr. Roberts was hired with the understanding he would use his personal vehicle in the course of his job and be reimbursed by the parish for his travel expenses on a per mile basis. His time sheets were prepared by the office manager of the parish-wide maintenance barn, Ms. Kim Bonner, and two former office managers. Mr. Roberts' time sheets and travel expense reports are approved by Mr. Carlton McKee, parish road manager.

Ms. Bonner stated that she prepared Mr. Roberts' time sheets every two weeks, signed his name, and initialed it before submitting it to payroll; however, she did not know when Mr. Roberts actually worked. According to Mr. McKee, he did not supervise Mr. Roberts nor did he know when Mr. Roberts actually worked. Mr. McKee also stated that although he approved Mr. Roberts' travel expense reports, he could not certify the mileage was accurate. Mr. McKee further stated that it bothered him to approve Mr. Roberts' time sheets when he did not feel that Mr. Roberts worked the hours recorded.

During May 16, 2000, to February 17, 2004, the parish paid Mr. Roberts \$47,695 to remove trash and debris from the parish. Based on time and attendance records, travel expense reports, third party records, and statements from employees, the parish paid him \$20,611 for hours he did not work and mileage expenses he did not incur.⁵

Time and Travel Conflicts With Other Employment

From October 17, 2001, to October 10, 2003, the parish paid Mr. Roberts \$15,303 in wages and mileage reimbursement that conflicted with his other employment. During this period, records indicate Mr. Roberts was paid multiple times for working the same hours at several jobs as follows:

1. From October 17, 2001, to December 5, 2001, Mr. Roberts' time sheets and travel expense reports indicate the parish paid him \$1,444 in wages and travel reimbursement that conflicted with his other employment. Third-party records indicate he was also a full-time laborer with Westerchil Construction Company (Westerchil). According to a Westerchil Payroll Department employee, Mr. Roberts was hired to perform renovation work at the high school in

⁵R.S. 14:138, provides, in part, that payroll fraud is committed when any public officer or public employee shall carry, cause to be carried, or permit to be carried, directly or indirectly, upon the employment list or payroll of his office, the name of any person as employee, or shall pay any employee, with knowledge that such employee is receiving payment or compensation for services not actually rendered by said employee or for services grossly inadequate for such payment or compensation.

R.S. 42:63(E) provides, in part, that no person holding full-time employment in the government of this state or of a political subdivision thereof shall at the same time hold another full-time employment in the government of the state of Louisiana, in the government of political subdivision thereof, or in a combination of these.

Hornbeck, Louisiana, and Westerchil employees worked during normal school hours from 7 a.m. to 3:30 p.m.

An examination of Mr. Roberts' time sheet records from both entities and his travel expense reports indicate the parish paid him for the same hours that he worked for Westerchil. For example, on October 31, 2001, Mr. Roberts' time sheet and travel expense report from the parish indicate he worked 7 a.m. to 3:30 p.m. and traveled 79 miles. His time sheet at Westerchil indicates he worked nine hours. Therefore, Mr. Roberts was paid for working the same hours at both jobs.

2. During the period of December 6, 2001, to January 29, 2002, the parish paid Mr. Roberts \$853 in wages and travel reimbursement that conflicted with his other employment. Third-party records indicate he was employed as a full-time correctional officer with the Vernon Parish Sheriff's Office in addition to maintaining his job with Westerchil. Mr. Roberts was assigned to work at the Vernon Parish Correctional Facility in Leesville, Louisiana. He worked 12-hour alternating shifts from 4 a.m. to 4 p.m. (day shift) or 4 p.m. to 4 a.m. (night shift). Correctional Facility supervisors maintain a daily log report to track when officers (Mr. Roberts) arrived and departed the facility.

A comparison of Mr. Roberts' time sheets and travel expense reports from the parish, the Correctional Facility time sheets, and Westerchil time sheets reveal that Mr. Roberts was paid by the Police Jury for the same hours he worked for either the Sheriff's Office or Westerchil. For example, on January 25, 2002, parish records indicate he worked from 7 a.m. to 3:30 p.m. and traveled 79 miles in the parish. His time sheet at Westerchil indicates he worked five hours (between 7 a.m. and 3 p.m.). In addition, the Correctional Facility time sheet indicates he worked 12 hours from 4 p.m. to 4 a.m. Therefore, Mr. Roberts was paid by the Police Jury for working eight hours that overlapped with his employment at Westerchil, then went directly to a third job at the Correctional Facility and worked an additional 12 hours.

3. From January 30, 2002, to June 15, 2002, records indicate that Mr. Roberts maintained full-time employment with the parish and the Sheriff's Office. An examination of his time sheets from both entities and his travel expense report indicate the parish paid him \$1,339 in wages and travel reimbursement for working the same hours at the Correctional Facility. For example, on March 4, and 5, 2002, parish records indicate he worked from 7 a.m. to 3:30 p.m. According to Correctional Facility records, he worked from 5 a.m. to 5 p.m. each day. Therefore, Mr. Roberts was paid by the Police Jury for working the same hours at the Sheriff's Office.
4. From June 17, 2002, to February 17, 2004, the parish paid Mr. Roberts \$11,667 in wages and travel reimbursement that conflicted with his other employment. During the same period, third-party records indicate he worked as a full-time employee for Coca-Cola Bottling Company. His time sheet records at Coca-Cola

indicate he worked five days per week, averaging 11-hour work days. An examination of his time sheets from the parish and Coca-Cola indicate the parish paid him for the same hours that he worked for Coca-Cola. For example, on May 8, 2003, parish records indicate he worked from 6:30 a.m. to 3:00 p.m. However, his time sheet from Coca-Cola indicates he worked 13.75 hours, from 6 a.m. to 8:10 p.m. Therefore, Mr. Roberts was paid by the Police Jury for working the same hours he worked for Coca-Cola.

Time Conflicts With Other Employment and No Recorded Travel

From June 21, 2002, to February 17, 2004, the parish paid Mr. Roberts \$4,491 in wages (872 hours) with no corresponding travel records to indicate he performed his job duties and that conflicted with his employment with the Coca-Cola Bottling Company. For example, on July 31, 2002, Mr. Roberts recorded working for Coca-Cola from 7:30 a.m. to 10:15 p.m. and recorded working for the Police Jury from 6:00 a.m. to 2:30 p.m. On October 2, 2002, Mr. Roberts recorded working for Coca-Cola from 5:00 a.m. to 11:00 p.m. and working for the Police Jury from 7:00 a.m. to 3:30 p.m. On these two dates Mr. Roberts did not record travel mileage.

No Travel Records to Support Time Worked

From September 2000 to May 2002, the parish paid Mr. Roberts wages totaling \$659 (128 hours); however, the Police Jury could not provide travel expense reports to indicate he performed his job duties.

No Time Recorded to Support Travel Reimbursements

During June and August 2000 and January and October 2001, the parish paid Mr. Roberts \$158 in travel reimbursements for seven days of travel (495 miles) in the parish. Although Mr. Roberts submitted travel expense reports to indicate he traveled on each of the seven days, the Police Jury could not produce time sheets to indicate he worked on these days.

Inconsistent Mileage Records

During our examination of Mr. Roberts' Police Jury travel expense records, we noted at least four instances where he recorded ending vehicle odometer readings that were inconsistent with beginning odometer readings from previous travel periods. For example, on October 3, 2000, Mr. Roberts recorded his ending odometer mileage for the day at 50,190. On October 4, 2000, he recorded 50,121 as his beginning odometer mileage for the day. In addition, we noted the parish has not established written policies and procedures requiring its accounting staff to reconcile employee travel expense records to time sheets to ensure the parish received the services for which it paid.

Mr. Roberts' Statements

According to Mr. Roberts, he had no set work hours at the parish. He stated that when he was hired Mr. McKee informed him that he could work any hours he wanted. Mr. Roberts indicated that when his work hours at the parish conflicted with his work hours at the Sheriff's Office and Coca-Cola, he would actually work for the parish in the evenings, weekends, and at night, using a flash light and the head lights of his vehicle to see while removing trash and debris from the parish. Mr. Roberts maintained that he worked the hours for which he was paid by the Police Jury. When asked why he did not have corresponding travel expense reports for the hours he worked, Mr. Roberts stated he prepared the reports for the period October 2003 to February 2004, but did not feel like submitting them to the parish.

On February 17, 2004, Mr. Roberts was terminated by the parish.

This report has been provided to the District Attorney for the Thirtieth Judicial District of Louisiana and the Louisiana Attorney General. The actual determination as to whether an individual is subject to formal charge is at the discretion of the district attorney and/or attorney general.

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We recommend the Vernon Parish Police Jury comply with the provisions of:

- (1) its local ordinances and the Public Transportation Act when adopting roads into the public road maintenance program and in the development and management of its five-year capital maintenance program;
- (2) the Local Government Budget Act by amending its budget and adopting the amendment publicly when expenditures are reasonably expected to exceed five percent of the budgeted amount;
- (3) the Public Bid Law, when applicable; and
- (4) state and federal tax laws by reporting and withholding the proper amount of taxes from employee wages.

We also recommend that the Vernon Parish Police Jury ensure that:

- (1) every employee is properly supervised during the employees' work;
- (2) employees' work time be recorded by the employees and certified as true and correct, then submitted to management for review and approval before payment is made;
- (3) employees' travel expense reports be recorded by the employees and certified as true and correct, then submitted to management for review and approval before reimbursement is made; and
- (4) employee time sheets correspond with the employees' travel expense reports.

In addition, we recommend the Vernon Parish Police Jury:

- (1) establish written policies, procedures, and duties for committees, such as the Highway/Road Construction Committee, and ensure the committees perform the duties they were organized to perform; and
- (2) require jurors and employees to certify, annually, their compliance with state law, local ordinances, the Code of Governmental Ethics, and Police Jury policies and procedures.

Finally, we recommend the Vernon Parish Police Jury seek legal counsel on the recovery of \$129,043 spent to maintain the 94 roads improperly accepted into the parish road maintenance system.

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The Vernon Parish Police Jury is the governing authority for Vernon Parish and is a political subdivision of the State of Louisiana. The Police Jury is governed by 12 jurors representing the various districts within the parish. The jurors serve four-year terms.

The Office of Legislative Auditor received an allegation from a private citizen alleging improprieties with parish equipment, materials, and employees. This audit was performed to determine the propriety of the allegation.

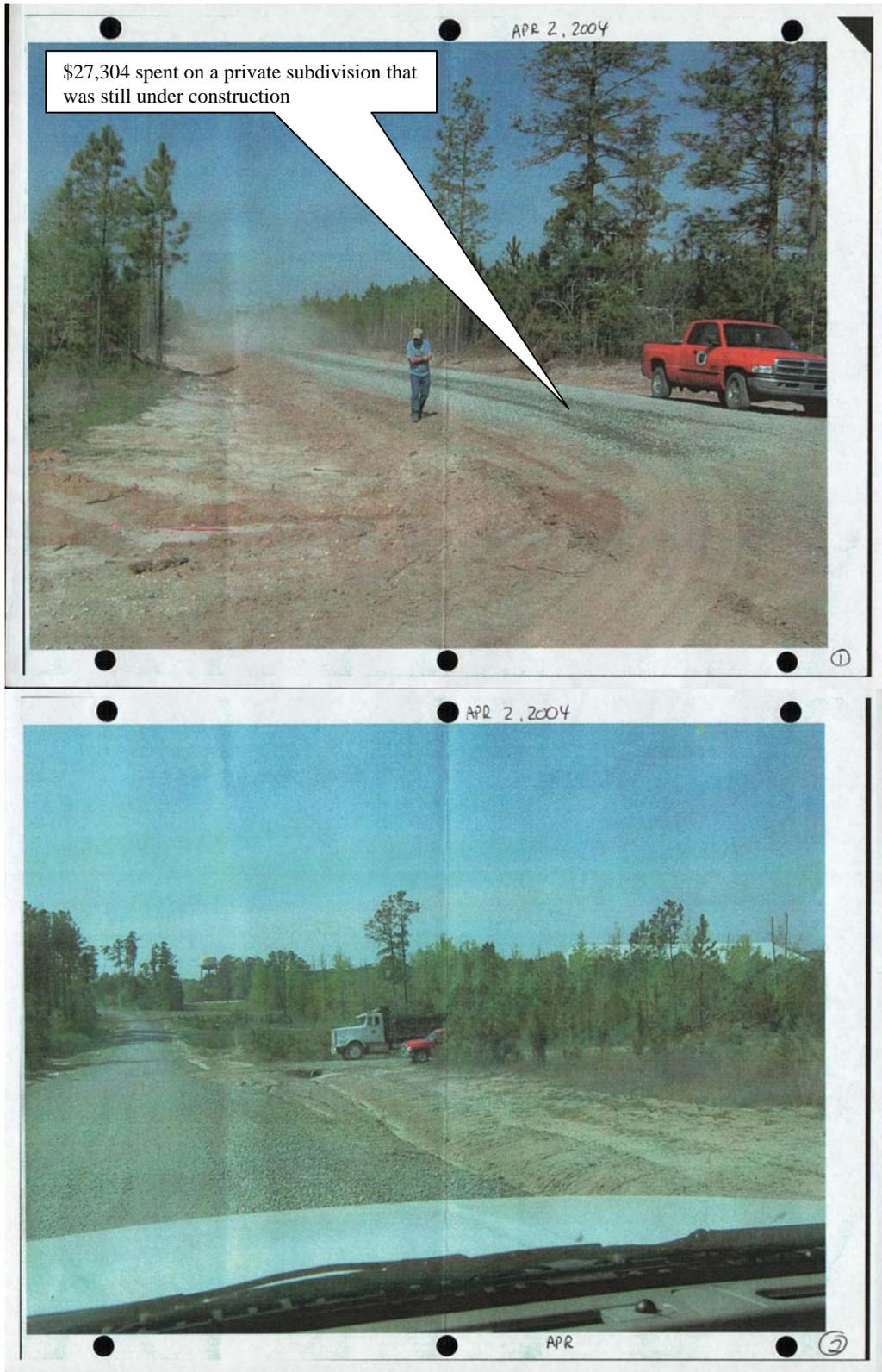
The procedures performed during this audit consisted of the following:

1. Interviewing employees and officials of the police jury
2. Interviewing other persons as appropriated
3. Examining selected documents and records of the police jury
4. Performing observations
5. Reviewing applicable state laws and regulations

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

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1. Rodeo Drive

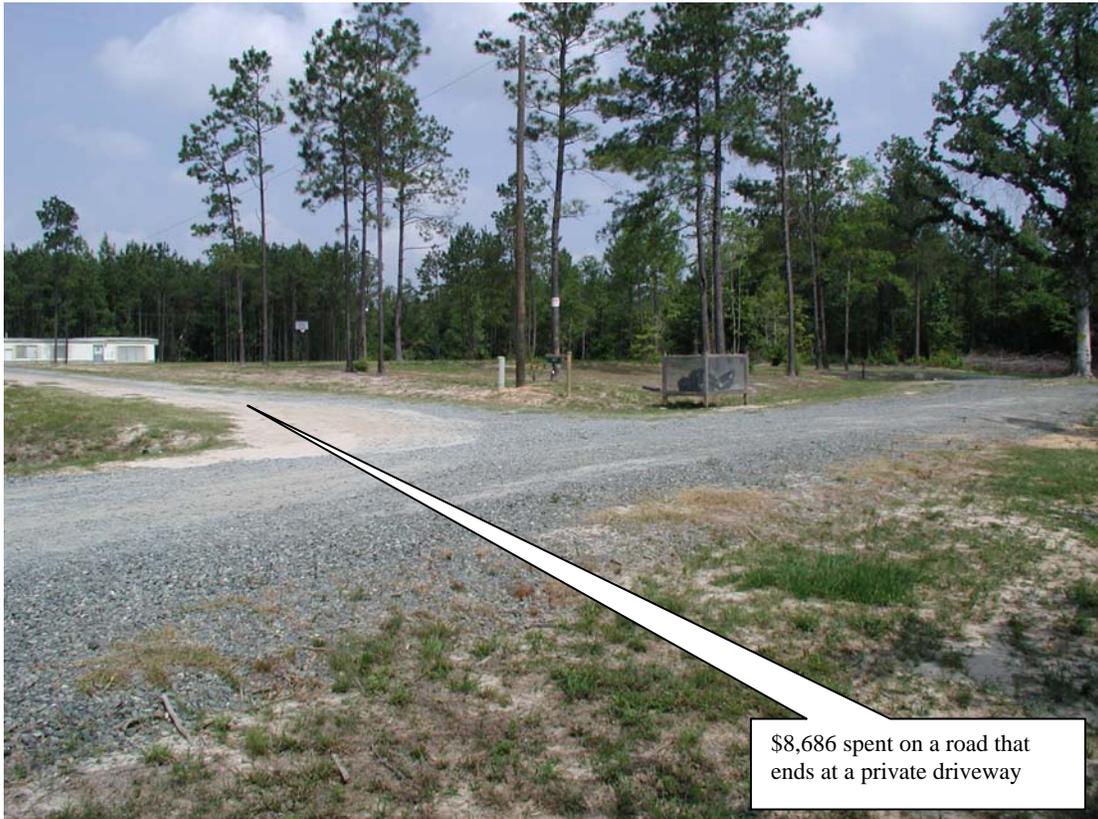


2. Kaydee Lane

\$10,781 spent on a road that ends at a private driveway

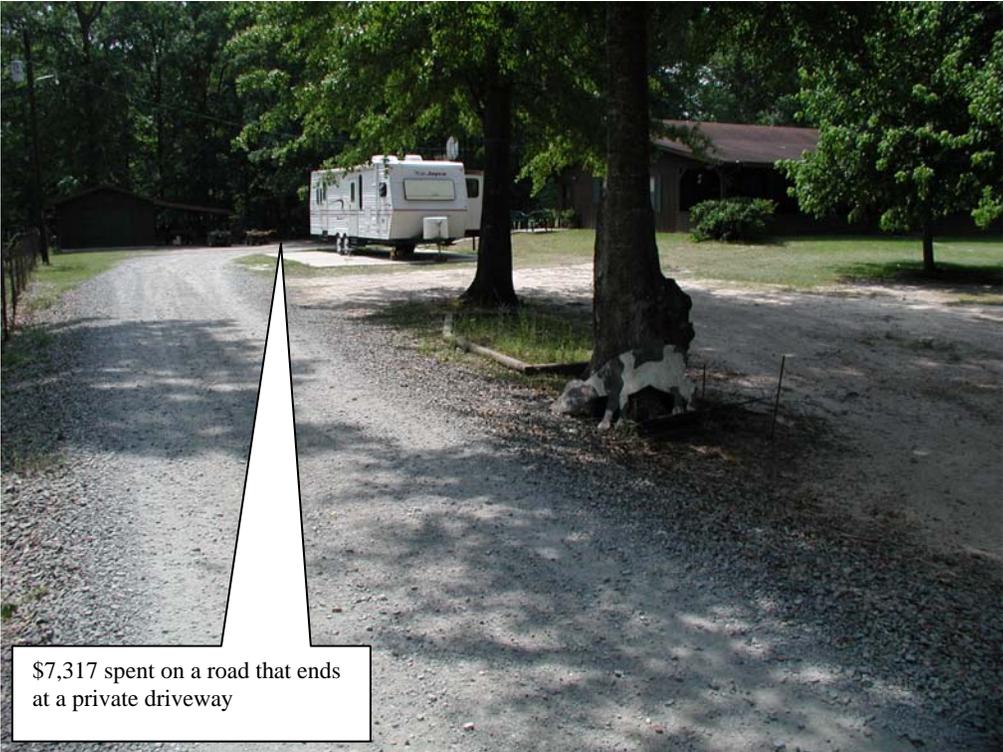


3. Paul Sowell's Extension



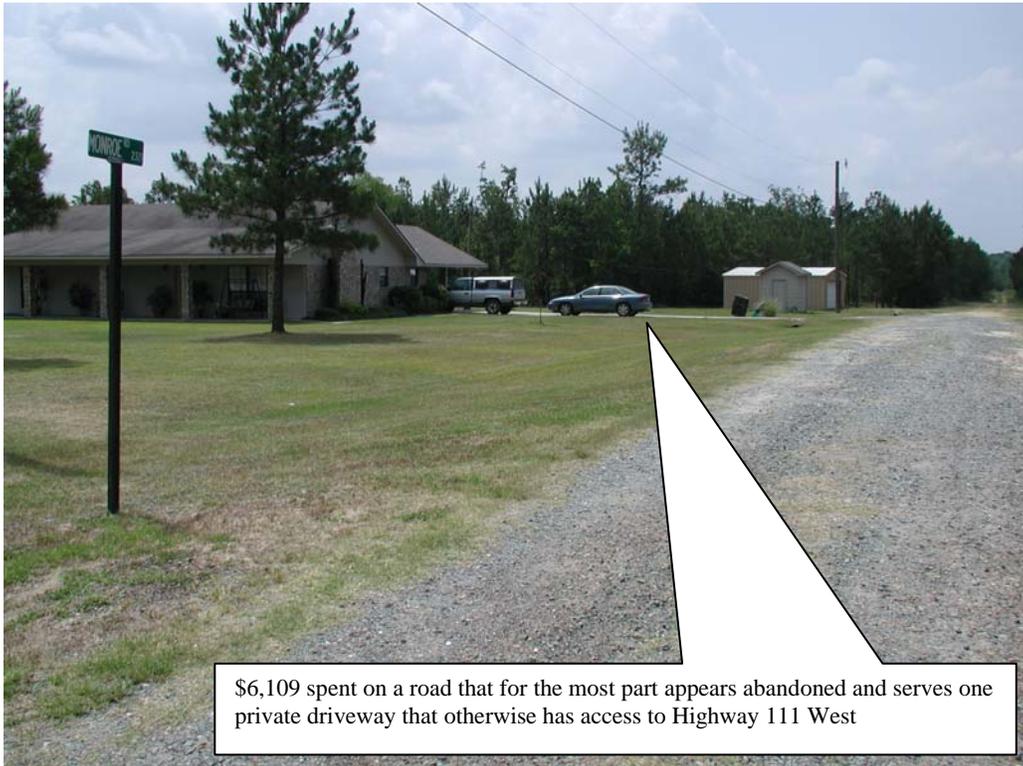
\$8,686 spent on a road that ends at a private driveway

4. Harold's Lane



\$7,317 spent on a road that ends at a private driveway

5. Monroe Drive



5. Monroe Drive



6. Droddy Lane



7. Pat Williams Road



8. Ronnie Mitchell Road

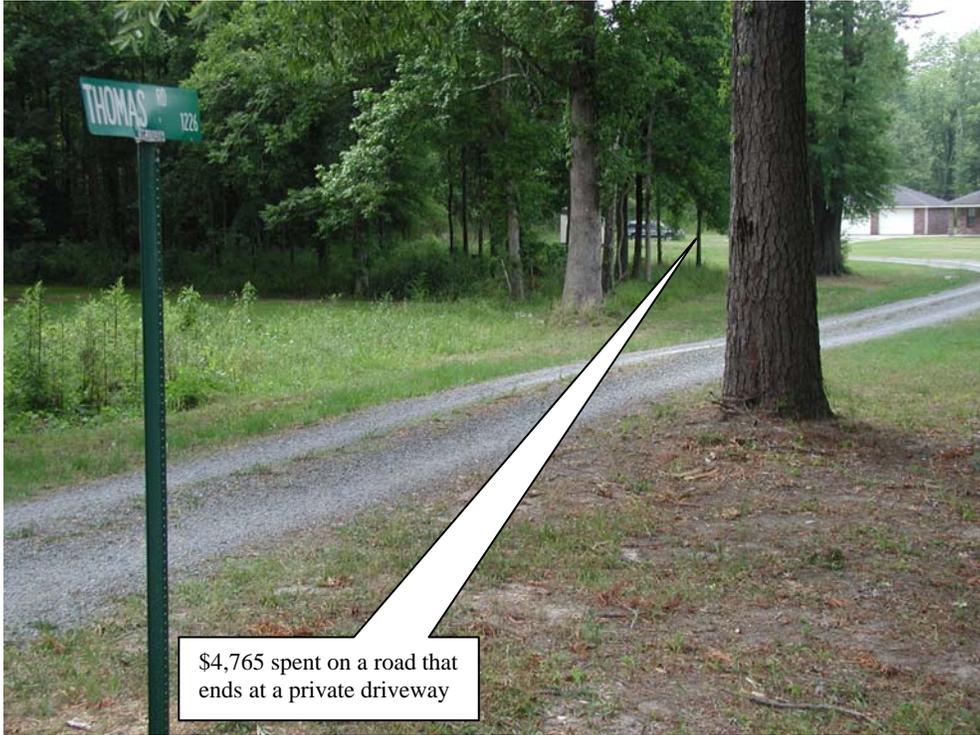


\$4,861 spent on a road that ends at two private driveways

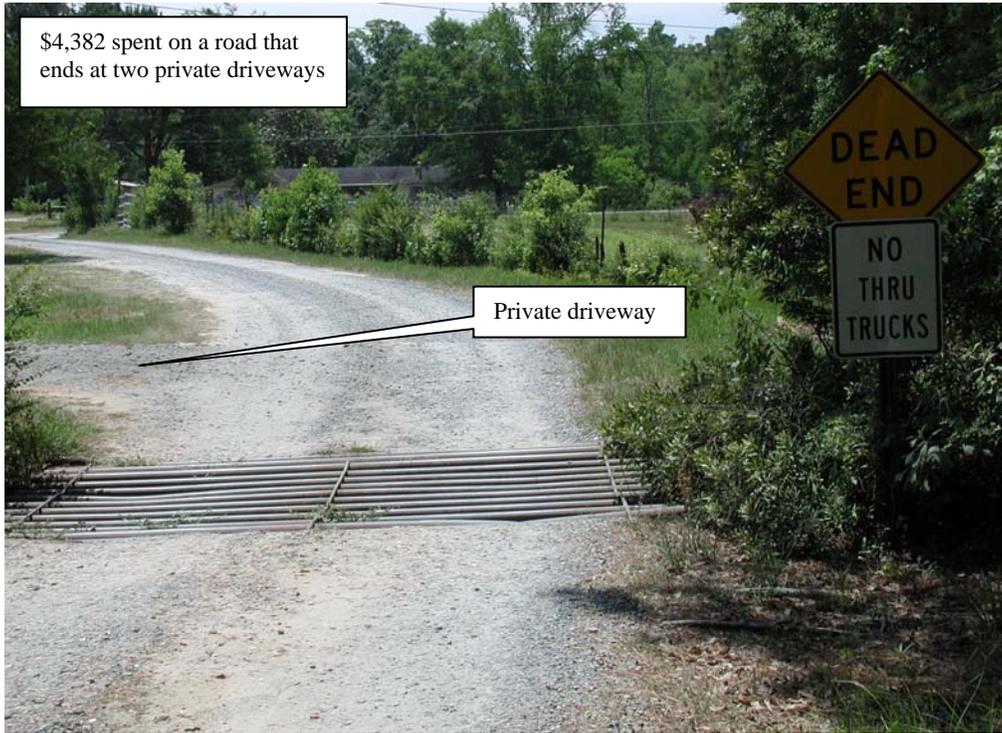
9. Bagents Road



10. Thomas Road



11. Liberty Creek Road



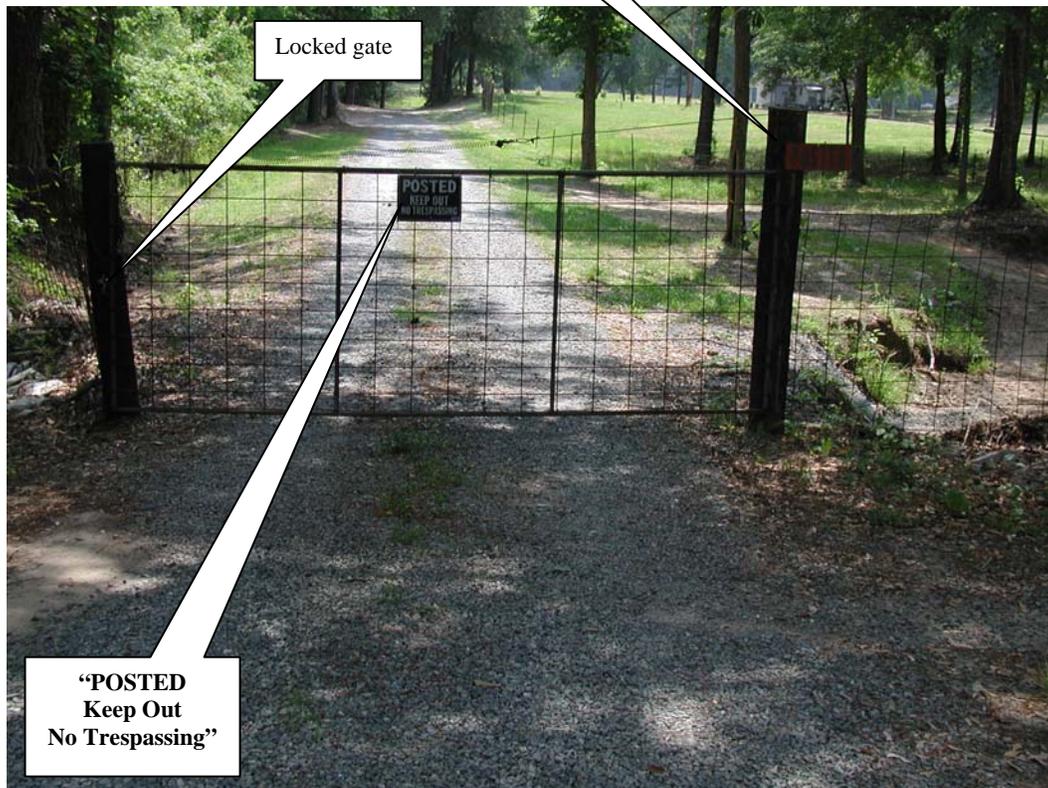
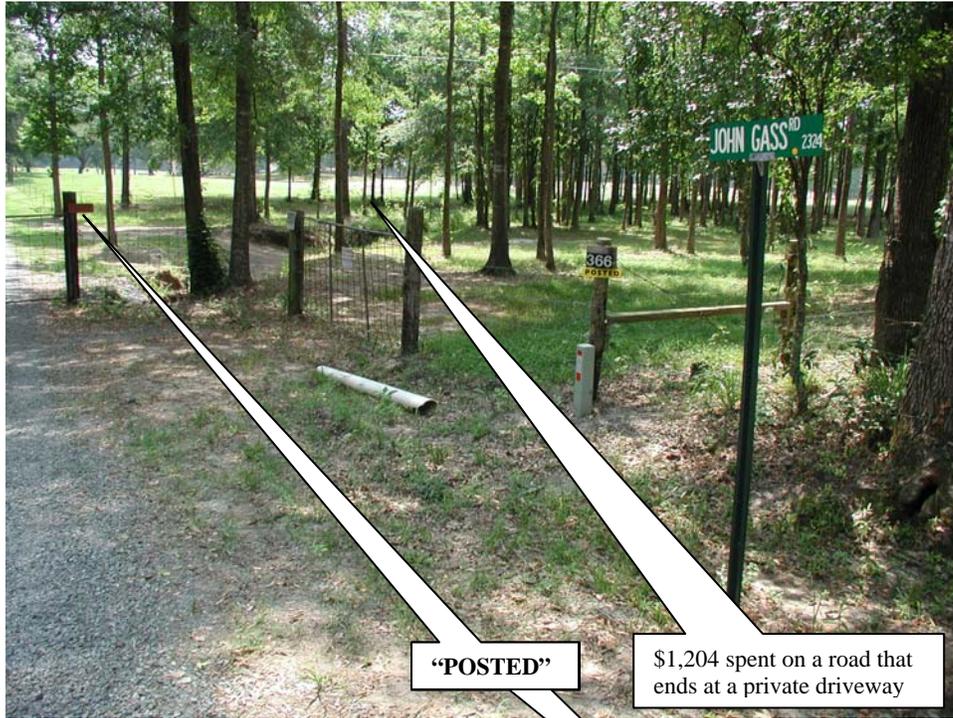
12. Bolgiano Loop Road



12. Bolgiano Loop Road



13. John Gass Road

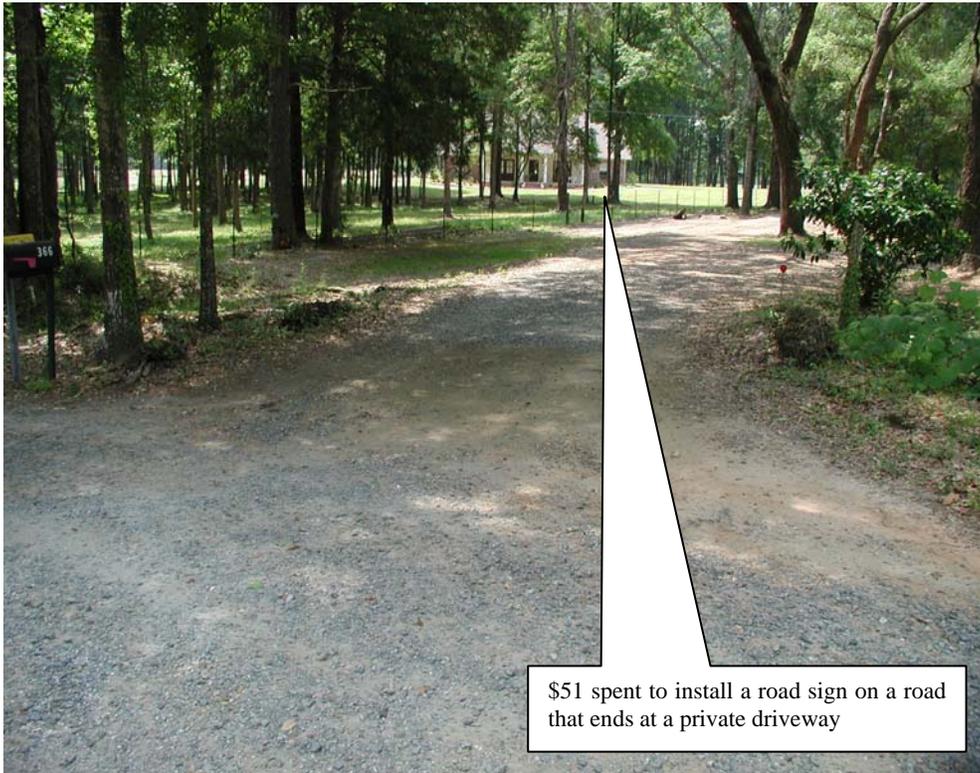


14. Diane (Clark) Road



\$1,727 spent on a road that ends at a private driveway

15. Joy Lee Road

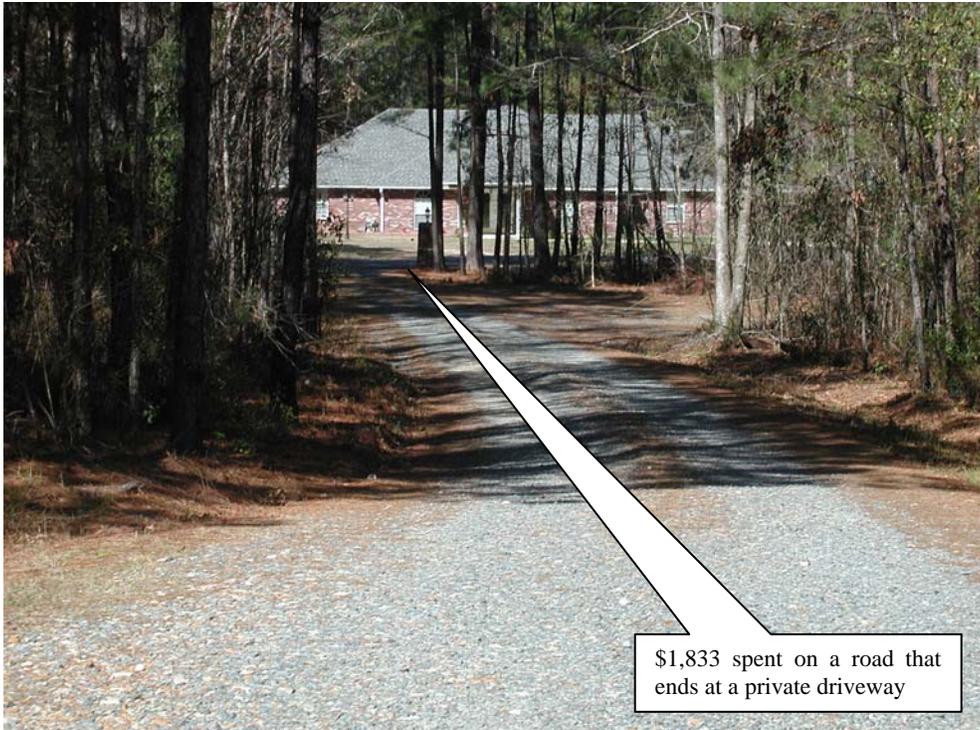


16. Frank McRae Road



\$673 spent on a road that ends at a private driveway

17. Kenebrew Road



18. Mayo Loop



19. Richard Road

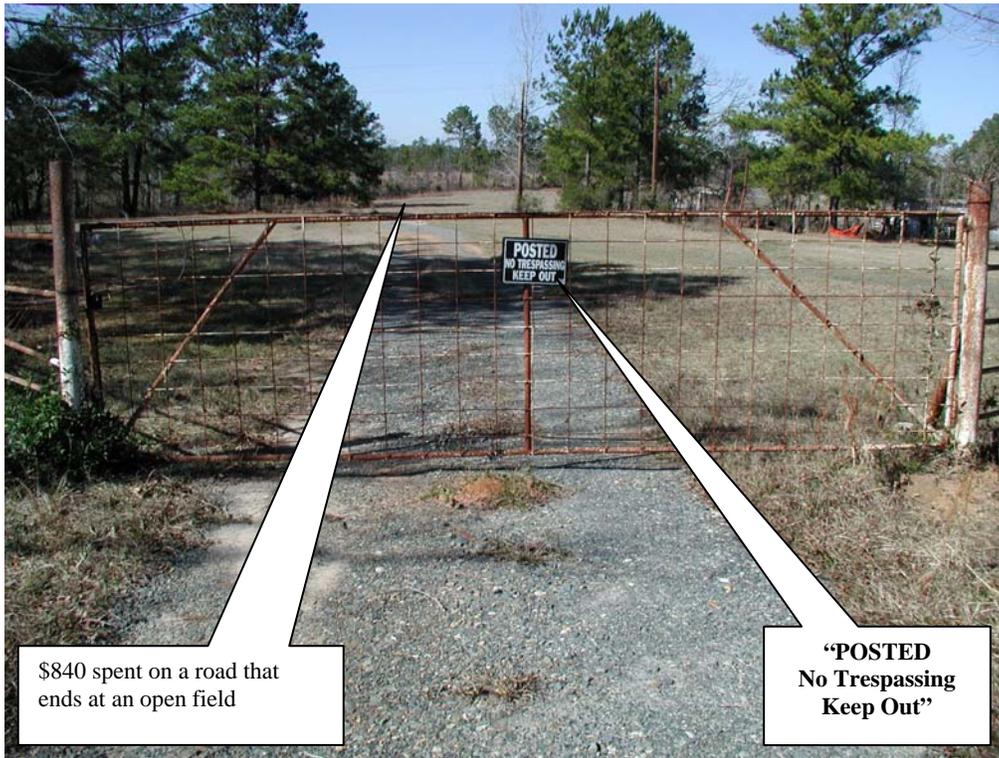


20. Rush Loop



\$2,206 spent on a road that services one private driveway

21. T. Dubois Road



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**Roads Improperly Accepted into the
Parish Road Maintenance Program**

	Roads	Length	District	Date Accepted by VPPJ
1.	Rodeo Drive	5438 ft	10	Monday, December 15, 2003
2.	Kaydee Lane	0600 ft	4	Monday, August 19, 2002
3.	Paul Sowell's Road Ext.	1396 ft	10	Monday, April 19, 2004
4.	Harold's Drive	0980 ft	10	Monday, October 20, 2003
5.	Monroe Drive	5710 ft	2	Monday, October 20, 2003
6.	Droddy Lane	1355 ft	10	Monday, May 15, 2000
7.	Pat Williams Road	0250 ft	10	Monday, October 21, 2002
8.	Richard Road B	0365 ft	10	Monday, October 21, 2002
9.	Ronnie Mitchell Road	1085 ft	1	Monday, September 16, 2002
10.	Bagents Road	0635 ft	10	Monday, October 21, 2002
11.	Thomas Road	0410 ft	10	Monday, October 21, 2002
12.	Liberty Creek Road	1200 ft	11	Monday, April 21, 2003
13.	Bolgiano Loop		12	(no record road was adopted)
14.	Water Tower Road	2700 ft	1	Monday, May 21, 2001
15.	Rush Loop	0574 ft	10	Monday, October 20, 2003
16.	Berry Road	0775 ft	11	Monday, April 21, 2003
17.	Kenebrew Road	0272 ft	10	Monday, May 19, 2003
18.	Charles Dowden Road	0695 ft	2	Monday, November 15, 1999
19.	Gayland Drive	0600 ft	3	Monday, July 22, 2002
20.	Diane (Clark) Road		10	Monday, May 20, 2002
21.	Mayo Loop	0449 ft	12	Monday, October 20, 2003
22.	Bolton Road	2/10 mile	6	Monday, June 21, 1999
23.	Courtney Drive	0700 ft	2	Monday, March 15, 2004
24.	John Gass Road	0859 ft	10	Monday, October 20, 2003
25.	Tardiff Drive	0058 ft	6	Monday, September 16, 2002
26.	Bertie Jeane Road	0665 ft	3	Monday, November 17, 2003
27.	T. Dubois Road	0985 ft	11	Monday, April 21, 2003
28.	Darrell Kay Road	0814 ft	9	Monday, June 16, 2003
29.	Rosa Lee Lane	0775 ft	1	Monday, October 18, 1999
30.	Koenck's Lane	0800 ft	1	Tuesday, February 20, 2001
31.	Frank McRae Road	0170 ft	6	Monday, October 15, 2001

VERNON PARISH POLICE JURY

	Roads	Length	District	Date Accepted by VPPJ
32.	Burlison Drive	0765 ft	2	Monday, March 15, 2004
33.	Mitchell Road	0600 ft	9	Monday, August 16, 1999
34.	Moy Loftin Road	1/10 mile	3	Monday, March 15, 1999
35.	Wells Road	5/10 mile	6	Monday, November 18, 2002
36.	Red Bug Lane	1475 ft	9	Monday, December 20, 1999
37.	Sam Brown Road	0791 ft	10	Monday, October 20, 2003
38.	Edwards Road	0690 ft	6	Tuesday, January 22, 2002
39.	Brookhaven Road	1330 ft	11	Monday, April 21, 2003
40.	Lana Lane	0785 ft	4	Monday, September 17, 2001
41.	Dan Atchison Road	1/10 mile	1	Tuesday, February 16, 1999
42.	Roger Smart Road	2/10 mile	6	Tuesday, February 20, 2001
43.	Ruby Road	0375 ft	10	Monday, August 20, 2001
44.	Joy Lee Road	0351 ft	10	Monday, April 19, 2004
45.	Calvin Street	2/10 mile	2	Monday, March 17, 2003
46.	Carver Road	0285 ft	2	Monday, November 15, 1999
47.	Chipper Lane	entirety	6	Monday, April 17, 2000
48.	Don Holton Road	0546 ft	6	Monday, November 20, 2000
49.	Downs Road	1619 ft	6	Monday, August 20, 2001
50.	James Hillman Road	0563 ft	6	Monday, April 17, 2000
51.	LaCamp Pentecost Cem	0300 ft	6	Monday, April 21, 2003
52.	Lantern Loop	1300 ft	7	Monday, August 20, 2001
53.	Mitchell Cemetery Road	0272 ft	2	Monday, March 18, 2002
54.	Pine Hill Church Road	0300 ft	9	Tuesday, January 21, 2003
55.	Pond Drive	0781 ft	6	Monday, August 20, 2001
56.	Rock Hill Road	0170 ft	9	Monday, April 16, 2001
57.	Tuff (Mount Road) Street	1232 ft	10	Monday, July 26, 2004
58.	Walnut Grove Road	0460 ft	3	Monday, November 19, 2001
59.	Y. C. Carlock Road	0570 ft	11	Monday, April 21, 2003
60.	Anacoco Street	0250 ft	10	Tuesday, February 16, 1999
61.	Anna Lane	1047 ft	12	Monday, October 21, 2002
62.	Feather Lane	1500 ft	8	Monday, April 15, 2002
63.	Foxy Lane	3625 ft	2	Monday, October 16, 2000
64.	Glass Window Road	8/10 mile	6	Tuesday, February 17, 2004

	Roads	Length	District	Date Accepted by VPPJ
65.	Hale Drive	1170 ft	2	Monday, March 15, 2004
66.	Hilton Drive	0455 ft	12	Tuesday, February 22, 2000
67.	Industrial Park Road	2 miles	10	Tuesday, February 19, 2002
68.	Jackson Vaughn Road	entirety	4	Tuesday, February 22, 2000
69.	L. E. Jones Road	0750 ft	3	Monday, August 16, 2004
70.	Lacey Lane	0940 ft	12	Monday, October 21, 2002
71.	Lincoln Drive	3500 ft	9	Monday, August 18, 2003
72.	Lotus Lane	0528 ft	12	Monday, May 15, 2000
73.	Mills Road	1900 ft	2	Monday, March 20, 2000
74.	Nicholas Cove Road	0736 ft	12	Monday, October 21, 2002
75.	Norwood Lane	2392 ft	12	Monday, October 21, 2002
76.	Oak Street	entirety	12	Monday, September 17, 2001
77.	Ponderosa Park Road	1300 ft	2	Monday, October 20, 2003
78.	Rabbit Run Drive	1070 ft	12	Monday, August 21, 2000
79.	Reeks Road	0565 ft	8	Monday, July 24, 2000
80.	Roberta Lane	1136 ft	12	Monday, October 21, 2002
81.	Ruby Drive	0925 ft	2	Monday, March 20, 2000
82.	Samantha Drive	entirety	12	Thursday, November 01, 2001
83.	Sawyer Road	1275 ft	10	Monday, December 09, 2002
84.	Smart Camp Road		2 & 9	Tuesday, February 17, 2004
85.	St. Denis Road	0761 ft	12	Monday, May 19, 2003
86.	St. James Road	1096 ft	12	Monday, May 19, 2003
87.	St. John Road	0769 ft	12	Monday, May 19, 2003
88.	Stacy Drive	0275 ft	12	Monday, September 16, 2002
89.	Teal Road	0890 ft	2	Monday, June 21, 2004
90.	Temple Road	1934 ft	3	Monday, March 20, 2000
91.	Tommy Cochran Road	2200 ft	2	Tuesday, February 17, 2004
92.	Tyler Road	1375 ft		Monday, September 08, 2003
93.	West Leonard Road	1450 ft	2	Monday, November 17, 2003
94.	Wood Duck Road	1325 ft	2	Wednesday, July 21, 2004

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Management's Response



POLICE JURY OF VERNON PARISH

P. O. BOX 1548 • LEESVILLE, LOUISIANA 71446 • PHONE (337) 238-0324 • FAX (337) 238-0240 • 1-800-330-0995
ESTABLISHED 1871

July 13, 2006

RAY PYNES
PRESIDENT

RHONDA M. PLUMMER
SECRETARY / TREASURER

CURTIS CLAY
VICE-PRESIDENT

Mr. Steve Theriot
Office of the Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

MEMBERS:

Re: Vernon Parish Police Jury Compliance Audit Draft Report

DISTRICT 1
JAMES B. TUCK

Dear Mr. Theriot:

DISTRICT 2
HOWARD "PETE" DOWDEN

The Vernon Parish Police Jury acknowledges receipt of the above referenced report that was presented to us by Mr. Calvin Moore and Mr. Dan Daigle on June 28, 2006. The Vernon Parish Police Jury President along with the remaining jurors and the current Secretary Treasurer has reviewed this report and respectfully submit the following response. We agree with the recommendations stated in your report and have already begun taking remedial and/or corrective actions to ensure full compliance and the issues involved will not reoccur.

DISTRICT 3
TOMMY L. McMAHON

DISTRICT 4
JACKIE L. GRIMES

DISTRICT 5
JIMMY L. JAMES

The Police Jury has already begun taking corrective actions that will bring the Jury into compliance with the findings of this report. As of June 19, 2006, we have a new Secretary/Treasurer, who is committed to promoting ethical standards and the development and implementation of necessary policies and procedures. We feel that this will be a key role to ensure that compliance is met and implemented in all of the areas noted in your report with the cooperation of the Police Jurors.

DISTRICT 6
HOUSTON A. BURNS

DISTRICT 7
REID WEEKS

DISTRICT 8
MELVIN HAYMON

DISTRICT 9
SAM B. FULTON, JR.

1. Recommendation that the Vernon Parish Police Jury comply with the provisions of its local ordinances and the Public Transportation Act when adopting roads into the public road maintenance program and in the development and management of its five-year capital maintenance program:

DISTRICT 10
CURTIS L. CLAY

DISTRICT 11
JOHN HAMILTON

DISTRICT 12
RAY PYNES

The Vernon Parish Police Jury concurs with this recommendation. Corrective action is currently being taken on these findings. The Police Jury is in the process of reviewing our current policies and procedures to determine the changes that are necessary to ensure compliance with the Public Transportation Act. The revised policy will be in written format with a preliminary copy sent to your office for review and advisement. The policy revisions will be placed before the board and adopted by the Police Jury. The Vernon Parish Police Jury would like to assure you that we are committed to the revision and implementation of our policy to establish the necessary controls and checkpoints to ensure compliance.

The Parish Road Supervisor will prepare and administer the five-year capital maintenance program and the parish road maintenance program. The Parish Road Supervisor will submit (to the Police Jurors, for adoption) his plan for the five-year capital maintenance program. In addition, the Parish Road Supervisor will review the roads in our currently adopted five-year capital maintenance program to verify compliance. The Parish Road Supervisor will continue to authorize the weekly work schedules along with the Road Foreman's signature. In addition, the Police Jury will be reviewing and revising our entire work order system. Any revisions necessary in our current procedures regarding the operation and maintenance of the capital maintenance program and the parish road maintenance program will be implemented as described in the previous paragraph.

The Police Jury has begun reviewing the list of 94 roads that your office has reported as being accepted into our parish road maintenance program in violation of our internal policies, local ordinances, and Article 7, Section 14 of the Louisiana Constitution. We would like to respond to each of these roads, however, there is not sufficient time to prepare an adequate response prior to the deadline. However, we will be forwarding information on corrective actions taken for each road. We hope the following information will be sufficient for the time being.

On July 17, 2006 we have a public hearing scheduled to rescind the following roads:

- District 10 Harold's Drive, Droddy Lane, Pat Williams Road, Richard Road B, Bagents Road, Thomas Road, Rush Loop, Kenebrew Road, Rev. Fields Extension, John Gass Road, Sam Brown Road, Rudy Road, Joy Lee Road, Tuff(Mount) Street, Anacoco Street
- District 12 Mayo Loop, Hilton Drive, Bill Dowden Loop

In addition, the following roads are scheduled to be rescinded in a public hearing scheduled for August 21, 2006:

- District 1 Ronnie Mitchell Road, Water Tower Road, Rosa Lee Lane, Koenck's Lane, Dan Atchison Road
- District 2 Monroe Drive, Courtney Drive, Burlison Drive, Calvin Street, Carver Road, Dee Powell Road, Davis Road
- District 4 Kaydee Lane
- District 6 Frank McRae Road
- District 8 Reeks Road
- District 11 Liberty Creek Road
T. Dubois Road
Anacoco Street

We will be adding additional roads to rescind as we continue this review and your office will be kept informed of our progress. Please take into consideration that many of the roads in question were accepted into the parish road maintenance program prior to current Police Jurors taking office. Corrective action will be taken on all roads in question. Some of the roads rescinded may be reviewed at a future date and if acceptable will be readopted into the parish road maintenance program.

Our Parish Road Supervisor is of the opinion that some of the 94 roads in question should have met our policies and ordinances at the time of acceptance. These roads are under further review by our Parish Road Supervisor and Road Foremen. Your

office will be sent an explanation along with supporting documentation regarding any roads that we believe met our policies and ordinances. We will await further advisement from your office regarding those roads. Any roads determined to remain in violation will be handled based upon your advisement.

There appears to be some discrepancies in the dollar amounts showing spent on roads listed in the findings with amounts actually spent. We understand that these amounts were taken from reports off our own Public Works Database and we accept full responsibility for this. This review process has made the Jury aware of the critical need to implement new procedures and safe guards regarding the recording and submission of information in respect to work schedules, materials and supplies used, time and labor spent on each job from the foremen and road crew employees. Information will be sent to you for further advisement regarding any differences we find with these amounts along with supporting documentation.

The Police Jury has a public hearing scheduled to be held on August 21, 2006, to revise ordinances in Chapter 19 on Subdivisions of our municipal code book and the addition of a new ordinance to Chapter 17 on Roads and Highways of our code book. The addition to Chapter 17 will establish written rules, regulations, and guidelines for the Vernon Parish Police Jury to follow in the acceptance of rural roads into the parish road maintenance program. Check lists and appropriate forms will be designed based on these changes to ensure that roads accepted comply with the PTA and local ordinances

The Parish Road Supervisor will be responsible to physically inspect all roads, verify compliance, and submit completed forms and checklists with any supporting documentation to the Highways and Roads Committee Chairman and Committee for further review. After the Committee determines that all guidelines and rules have been met and are in compliance, the road will be presented before the full jury for adoption into the parish road maintenance program. Your office will be kept informed of these changes and implementations.

Many of our internal policies and procedures have been based upon unwritten policies. Had they been in writing, approved, and implemented by the Police Jury, many of these findings would not be an issue. This is not acceptable and can no longer be tolerated. The advent of these changes along with the new ordinance will resolve many of the issues discussed in the findings of this compliance audit report.

Finally, we will seek legal advisement, in regards to appropriate measures to be taken in the recovery of funds spent on roads that were not adopted according to our guidelines. The Louisiana Legislative Auditors Office will be kept up to date on our progress for further advisement.

2. Recommendation that the Vernon Parish Police Jury comply with the provisions of the Local Government Budget Act (LGBA) by amending its budget and adopting the amendment publicly when expenditures are reasonably expected to exceed five percent of the budgeted amount:

The Vernon Parish Police Jury concurs with this recommendation. Corrective action has been taken by terminating the employment of our former Secretary/Treasurer. Effective immediately, the Police Jury along with our newly appointed Secretary/Treasurer is fully committed to comply with all provisions of the Local Government Budget Act.

The Police Jury is of the opinion that the former Secretary/Treasurer failed to follow RS 33:1655 in that he did not keep the Police Jurors properly informed and did not make a detailed report at each monthly meeting of all money received and disbursed, of all debts due to and from the parish, and of all other proceedings in the office to the Police Jury. In addition we believe the Secretary/Treasurer failed to properly notify the governing body when budgeted revenues and expenditures failed to meet the annual budgeted amounts by 5% or more and of all necessary budget amendments. The requirement that there be timely reporting to the citizens of Vernon Parish of any budget adjustments in a public meeting was not properly met as a result of the former Secretary/Treasurer failing to advise and keep the Police Jury informed on the financial condition of the Parish.

3. Recommendation that the Vernon Parish Police Jury comply with the provisions of the Public Bid Law when applicable:

The Vernon Parish Police Jury concurs with this recommendation. The Police Jury is of the opinion that it has appropriate policies and procedures established to follow and comply with the Public Bid Law. The Jury feels that our policy was followed in advertising for competitive bids locally and in receiving bids at the main office. However, the breakdown occurred between the time bids were received and accepted. The Police Jury was not aware that bids were being taken from the office or that any alterations were being made. Police Jurors do not see or review these bids beforehand. The Parish Road Supervisor reviews these bids and places before the jury in a public meeting the bid amounts and his recommendations. The Jury then votes as a whole to accept the appropriate bid.

Corrective action is being taken by setting up controls within the main office that will not allow bids to leave the building nor leave any opportunity for alterations to be made in the future. We are in the process of revising our policy to include the provision that any deviation from the established procedures of the Police Jury or violations of the Public Bid Law by any employee will result in disciplinary action leading up to and/or including immediate termination. This will be reviewed and acknowledged with parish employees.

4. Recommendation that the Vernon Parish Police Jury comply with the provisions of state and federal tax law by reporting and withholding the proper amount of taxes from employee wages:

The Vernon Parish Police Jury concurs with this finding. The Police Jury currently has well established policies and procedures in place to ensure compliance with the provisions of state and federal tax law by reporting and withholding the proper amount of taxes from the wages of all employees.

On June 21, 1999, Police Jury minutes state that the board approved Mr. Grady Stephens be given a car allowance of \$500.00 per month, for taking on the added responsibility of handling all grants for the jury. This money was to help defray travel expenses when working on grants, since he was to use his own vehicle. In November 2003, the Personnel Committee Chairman and the Police Jury President approved a \$300.00 a month increase to compensate Mr. Stephens for benefits he was not receiving. It was their intention for this amount to be an increase in salary.

The monthly car allowance given in June 21, 1999 should have been set up and paid through the payroll department, so that the required state and federal tax laws could be met. Mr. Stephens failed to do this and instead had his secretary pay him through accounts payable. There were no 1099's prepared either.

The Personnel Committee Chairman and the Police Jury President intended the increase given in November 2003 to be an increase in salary for Mr. Stephens. However, Mr. Stephens failed to have this set up and paid through payroll. He again had his secretary pay these amounts through accounts payable and received no 1099's.

Any approved salary adjustments are required to be set up in the payroll system reflecting the new salary. The provisions of state and federal tax law are met when payments such as the ones given above are set up properly through the payroll system. It was Mr. Stephens' responsibility to properly notify payroll and have this set up correctly.

The Police Jury believes that Mr. Stephens intentionally refused and/or failed to perform the duty lawfully required of him as Secretary/Treasurer of Vernon Parish by not properly setting these amounts up in our payroll accounting system and by not reporting his wages and failing to withhold income taxes. This is evident by the personal records Mr. Stephens provided your office showing that on May 12, 2005, he filed back taxes on this income and made payments to the state and federal governments including any penalties due.

The Police Jury believes that this issue has been resolved since Mr. Stephens is no longer under the employment of the Police Jury, as of June 19, 2006. In addition, corrective action has been taken by Mr. Stephens by having filed the income in question and made the required payments and penalties to the state and federal governments. Our new Secretary/Treasurer is committed to working with the Jurors to ensure compliance with provisions of state and federal tax laws.

5. Recommendation that the Vernon Parish Police Jury ensure that every employee is properly supervised during the course of the employees' work:

The Vernon Parish Police Jury concurs with this recommendation. Corrective action is being taken by reviewing our personnel policy and making any revisions necessary to enforce to all supervisors their responsibilities to properly supervise employees during the course of their work. Violations of this policy can result in disciplinary actions leading up to and/or including termination.

6. Recommendation that the Vernon Parish Police Jury ensure that the employees' work time be recorded by the employees and certified as true and correct, then submitted to management for review and approval before payment is made:

The Vernon Parish Police Jury concurs with this recommendation. Corrective action is currently being taken by revision of our timesheets to include certification by the employee and supervisors that the information submitted is true and correct. Meetings will be held in the near future with supervisors and employees advising them of these responsibilities and that any deviation from these guidelines will result in disciplinary action leading up to and/or including termination.

7. Recommendation that the Vernon Parish Police Jury ensure that employees' travel expense reports be recorded by the employees and certified as true and correct, then submitted to management for review and approval before reimbursement is made:

The Vernon Parish Police Jury concurs with this recommendation. Corrective action will be taken by revision of travel expense forms to include certification by the employee that information submitted is true and correct. Upon completion, the supervisor will approve and sign off on the expense reports. Employees will be advised of their responsibilities and that any deviation will result in disciplinary action leading up to and/or including termination.

8. Recommendation that the Vernon Parish Police Jury ensure that employee time sheets correspond with the employees' travel expense reports:

The Vernon Parish Police Jury concurs with this recommendation and had already begun the implementation of corrective actions prior to the receipt of this report. We are establishing procedures with our accounts payable department and payroll department to review and ensure that employees' timesheets correspond with the employees' expense reports.

The Police Jury will redesign and implement any audit controls and procedures necessary to prevent and detect payroll fraud schemes, such as occurred with Mr. Thomas Roberts. The Police Jury is determined to seek whatever legal means are necessary and available to recover the money that Mr. Roberts received.

9. Recommendation that the Vernon Parish Police Jury establish written policies, procedures, and duties for committees, such as the Highway/Road Committee, and ensure the Committees perform the duties they were organized to perform:

The Vernon Parish Police Jury concurs with this recommendation. All committees are being reviewed and written policies, procedures and duties will be established to ensure that all Committees understand and perform the duties they are designed to perform. These written policies, procedures, and duties will be reviewed and approved by each Committee and then placed before the Jury for adoption.

10. Recommendation that the Vernon Parish Police Jury require every Juror and employee certify annually, their compliance with state laws, local ordinances, the Code of Governmental Ethics, and Police Jury policy and procedures:

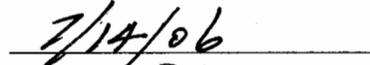
The Vernon Parish Police Jury concurs with this recommendation. New Jurors will be required to attend the orientation held in Baton Rouge by the Police Jury Association. Existing Jurors will be strongly encouraged to attend as well. Jurors will be given copies of the Code of Ordinances, Par Manual, Code of Ethics, policies, and procedures and any other required laws. The Police Jury will be establishing an in-house orientation for all Jurors to attend that will clearly discuss guidelines required to following our local ordinances, policies, and procedures. The Jury will begin an in house orientation for all Jurors to attend that will cover our local ordinances, policies, and procedures. Additionally, a statement certifying jurors and employees compliance to our policies and procedures will be signed annually.

In conclusion, the Vernon Parish Police Jury is committed to implement and follow the corrective actions given in this response. We realize this will involve a significant amount of revisions and policies to implement. It is evident that one of our primary faults was not having policies adopted, written, and enforced. The Jurors believe that once the revision, development, and adoption of these policies and procedures are done there will be a clear understanding of the responsibilities and rules that must be followed by Police Jurors and employees. The addition of the new Secretary/Treasurer, who is proactive and committed to the establishment and implementation of appropriate procedures in regards, to the Local Government Budget Act, the Parish Transportation Act, our internal polices and ordinances, will be key in this process. We feel confident that the Vernon Parish Police Jury will be able to move forward and regain greater confidence from the public as a result of the progress these actions will make. The Police Jury will continue to seek and welcome guidance from the advisory services available from the Louisiana Legislative Auditor's Office.

Very Truly Yours,



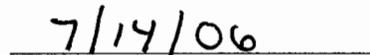
Ray Fynes, President



Date



Rhonda Plummer, Secretary/Treasurer



Date



POLICE JURY OF VERNON PARISH

P. O. BOX 1548 • LEESVILLE, LOUISIANA 71446 • PHONE (337) 238-0324 • FAX (337) 238-0240 • 1-800-330-0995

ESTABLISHED 1871

July 6, 2006

RAY PYNES
PRESIDENT

RHONDA M. PLUMMER
SECRETARY / TREASURER

CURTIS CLAY
VICE-PRESIDENT

Office of the Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

MEMBERS:

Dear Mr. Daigle and Mr. Moore:

DISTRICT 1
JAMES B. TUCK

I represent a low-income majority black and poor district with very little road mileage. I do not receive the same amount of money for my district as other jurors, because we are funded in our overlay account by total road mileage.

DISTRICT 2
HOWARD "PETE" DOWDEN

I was just trying to gain additional road mileage to receive more funds for operation in my district for my people.

DISTRICT 3
TOMMY L. McMAHON

This was done following the standard practice of the Vernon Parish Police Jury, in open public meetings with all twelve Vernon Parish Police Jurors voting to approve the roads.

DISTRICT 4
JACKIE L. GRIMES

DISTRICT 5
JIMMY L. JAMES

I now fully understand, for the first time, that this procedure is not correct and therefore, I have begun to take steps to correct my errors by rescinding those roads. We have a resolution on the July 17, 2006 agenda to rescind all of the roads in question in my district.

DISTRICT 6
HOUSTON A. BURNS

DISTRICT 7
REID WEEKS

I promise to follow the ordinance that is being set forth by Jim Tuck and the highway committee. It will never happen again.

DISTRICT 8
MELVIN HAYMON

Sincerely,

DISTRICT 9
SAM B. FULTON, JR.

Curtis Clay, Vice President
District 10 Police Juror

DISTRICT 10
CURTIS L. CLAY

DISTRICT 11
JOHN HAMILTON

DISTRICT 12
RAY PYNES



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ESTABLISHED 1871

RAY PYNES
PRESIDENT
CURTIS CLAY
VICE-PRESIDENT

RHONDA M. PLUMMER
SECRETARY / TREASURER

July 14, 2006

Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

MEMBERS:

DISTRICT 1
JAMES B. TUCK

DISTRICT 2
HOWARD "PETE" DOWDEN

DISTRICT 3
TOMMY L. McMAHON

DISTRICT 4
JACKIE L. GRIMES

DISTRICT 5
JIMMY L. JAMES

DISTRICT 6
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DISTRICT 7
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DISTRICT 8
MELVIN HAYMON

DISTRICT 9
SAM B. FULTON, JR.

DISTRICT 10
CURTIS L. CLAY

DISTRICT 11
JOHN HAMILTON

DISTRICT 12
RAY PYNES

Dear Mr. Daigle and Mr. Moore:

I would like to personally respond to the reference to contracts being awarded through the Flawed Bid Process. I emphatically deny the statement of Mr. McKee that I instructed him to give sealed bids to Mr. Simonelli or anyone else. Mr. McKee and only Mr. McKee is responsible for the bid selection of the Police Jury. The Police Jurors never see the original bid.

I do not deny that Scogin and I are personal friends and I was pleased when Mr. McKee recommended to the Jury that we accept Scogin Auto Parts' bid. I have had conversations with Mr. McKee prior to accepting bids that the low bid is not always the best bid. He should also take into consideration in his bid selecting process the type of product, availability, warranty, service and try to deal with local vendors when possible.

Once again, please note that I did not instruct Carlton to select any bid!. I respectfully ask that you omit the untrue statement that I instructed him to do so.

Sincerely,

Ray Pynes, President