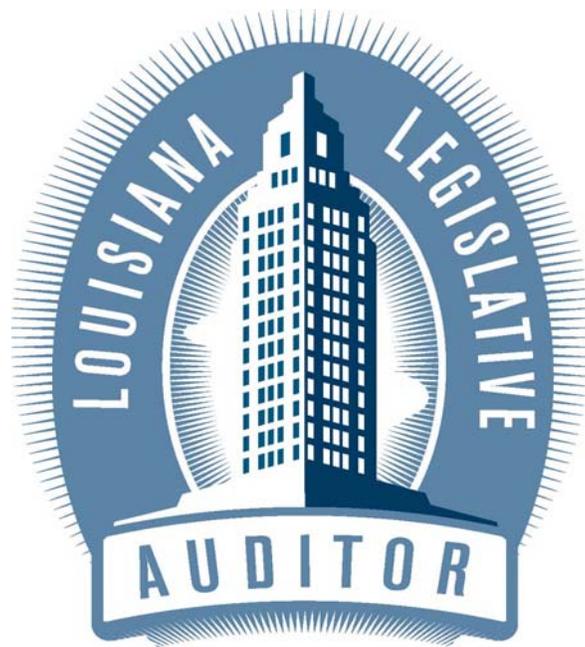


INDEPENDENCE VOLUNTEER FIRE DEPARTMENT



COMPLIANCE AUDIT  
ISSUED SEPTEMBER 24, 2008

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

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

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LOUISIANA LEGISLATIVE AUDITOR  
STEVE J. THERIOT, CPA

September 24, 2008

**MR. DENNIS CROCKER, FIRE CHIEF**  
**INDEPENDENCE VOLUNTEER FIRE DEPARTMENT**  
Independence, Louisiana

We have audited certain transactions of the Independence Volunteer Fire Department (IVFD). Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the credibility of certain allegations regarding the transfer of funds from the IVFD bank accounts to undisclosed bank accounts.

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 by *Government Auditing Standards*; therefore, we are not offering an opinion on the IVFD'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. This correspondence is intended primarily for the information and use of management of the IVFD. Copies of this report have been delivered to the District Attorney for the Twenty-first Judicial District of Louisiana, the United States Attorney for the Eastern District of Louisiana, and others as required by law.

Respectfully submitted,

Steve J. Theriot, CPA  
Legislative Auditor

KJ:GC:DD:dl

IVFD08



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The Independence Volunteer Fire Department (IVFD) is a nonprofit corporation operating as a volunteer fire fighting organization to provide fire protection and emergency response services in the Town of Independence and the surrounding rural areas. The IVFD's by-laws stipulate that it is to be managed by a fire chief but does not stipulate how the fire chief should be selected. Historically, the position of the IVFD chief has been held by the person appointed as the Town of Independence (Town) fire chief. Raymond Alexia served as the fire chief of the Town and the IVFD from February 2004 to June 2008.

The Tangipahoa Parish Government created the Rural Fire Protection District No. 2 of Tangipahoa Parish (Fire District) funded by an ad valorem tax to provide fire protection and emergency response services in the rural areas of the parish. The Fire District is governed by a board of commissioners that annually contracts with local fire departments, including the IVFD to provide these services. Proceeds from the ad valorem tax and other state funds are distributed to the local fire departments based upon percentages agreed upon in the contract.

All funds received from the Fire District must be expended solely for the purposes of maintaining and operating fire protection facilities, purchasing fire trucks and other fire fighting equipment, paying the cost of obtaining water for fire protection purposes, and providing emergency services to residents. This arrangement requires that all fire departments, including the IVFD, obtain prior Fire District board approval before expending funds for salaries, real property, or equipment exceeding \$10,000 per invoice. Each fire department is required to submit a quarterly report to the Fire District, including bank statements, for all Fire District funds received and expended.

In addition to funds received from the Fire District, the IVFD also receives donations and direct federal grants from the United States Department of Agriculture for the acquisition of facilities and equipment.

The Louisiana Legislative Auditor (LLA) received an allegation regarding improprieties related to expenditures of funds from the IVFD bank accounts. As a result, LLA reviewed available IVFD and Fire District records to determine the credibility of the allegation.

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## Public Funds Converted to Cash

From August 23, 2005, through November 29, 2007, former Independence Volunteer Fire Department (IVFD) Chief Raymond Alexia processed 10 bank transactions converting a total of \$32,450 of public funds into cash. Of the amounts converted to cash, Mr. Alexia admitted to using \$28,800 for personal purposes. Although the remaining \$3,650 was converted to cash, Mr. Alexia indicated that he did so to pay vendors for services performed for the IVFD. Initially, Mr. Alexia could not provide documentation for these expenditures but later provided invoices to LLA representatives.

The IVFD receives disbursements from the Tangipahoa Fire Protection District No. 2 (Fire District) on a quarterly basis and deposits the funds into the primary checking or savings account in the name of the IVFD. Mr. Alexia was in charge of all aspects of these accounts including making deposits, approving expenditures, writing checks, and receiving the bank statements. Once completed, all financial records and the supporting documentation are forwarded to a local Certified Public Accountant (CPA) firm to compile the financial statements that are annually reviewed by another CPA firm. These records are also sent to the Fire District on a quarterly basis to summarize and support expenditures made during the period.

During a review of the IVFD checking account, we noted disbursements to other banks that appeared to be loan payments and/or transfers into other accounts. Mr. Alexia initially indicated that the IVFD had one additional bank account that was used to account for United States Department of Agriculture (USDA) grants and other donations received by the IVFD. Further examination revealed that funds received from the Fire District were transferred into this bank account and at least two other bank accounts controlled by Mr. Alexia. From August 2007 through November 2007, Mr. Alexia converted \$28,800 of funds from these accounts into cash for personal purposes.

### Cashed Checks

According to Mr. Alexia, the “volunteer checking account” was maintained for USDA funds and donations. This account was solely controlled by Mr. Alexia and was not disclosed to either the CPA firm handling the IVFD’s books nor the Fire District. According to bank records, the account was overdrawn until September 19, 2007, when Mr. Alexia deposited a \$10,000 check received from a federal grant program through the Louisiana Department of Agriculture and Forestry. From September 20, 2007, to October 25, 2007, Mr. Alexia processed, signed, and endorsed three checks payable to “Cash” totaling \$7,300 from this account. Bank records for this account indicate there were only two additional deposits totaling \$256 to this account during September and October 2007.

Although Mr. Alexia could not provide documentation to support these expenditures, he initially claimed to have cashed the checks and given the proceeds to a local contractor as payment for labor and materials for IVFD projects. He later produced “write ups” or receipts in the amount of each check from a local contractor. The local contractor stated that the “write ups” were current cost estimates that he created with

amounts, dates, and projects provided by Mr. Alexia after Mr. Alexia continually requested the documents. The contractor stated that neither he nor his company performed the work described in the “write ups” in 2007 and that he did not receive any cash from Mr. Alexia.

Mr. Alexia later admitted that he converted the checks to cash for personal purposes. When asked if the write ups were provided to make it appear as though the proceeds of the cashed checks were used to pay for the projects, Mr. Alexia responded “yes and no.” Mr. Alexia’s use of public funds for personal purposes and his submission of the “write ups” to representatives of the LLA may have violated state and federal laws.<sup>1</sup>

### Cash Withdrawals

From August 22, 2007, to November 9, 2007, Mr. Alexia made five cash withdrawals from a separate bank account totaling \$21,500 using “Checking Charge Authorization” forms. This account was solely controlled by Mr. Alexia and was not disclosed to either the CPA firm handling the IVFD’s books nor the Fire District. Mr. Alexia indicated that this account had been opened by the previous fire chief and that he used it to make payments on a USDA note. Bank records indicated that Mr. Alexia deposited checks from the primary account that appeared to be for loan payments into the undisclosed account just prior to making the cash withdrawals. When asked about the cash withdrawals, Mr. Alexia admitted to using the cash for personal purposes. Mr. Alexia’s use of public funds for personal purposes may violate Louisiana laws.<sup>2</sup>

### Additional Cashed Checks

An examination of bank records indicated that on August 23, 2005, and November 29, 2007, Mr. Alexia converted additional checks totaling \$3,650 to cash. Mr. Alexia stated that the cash proceeds were used to pay vendors for services provided to the IVFD. Initially, Mr. Alexia could not provide documentation for these expenditures but later provided invoices to LLA representatives.

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<sup>1</sup>**R.S. 14:133** provides, in part, that filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, any forged document, any wrongfully altered document, or any document containing a false statement or false representation of a material fact.

<sup>2</sup>**18 U.S.C. §666** provides, in part, that theft concerning programs receiving federal funds occurs when an agent of an organization, state, local, or Indian tribal government or any agency thereof embezzles, steals, obtains by fraud, or otherwise intentionally misapplies property that is valued at \$5,000 or more and is owned by or under control of such organization, state, or agency when the organization, state, or agency receives in any one year period, benefits in excess of \$10,000 under a federal program involving a grant contract, or other form of federal assistance.

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

**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.

On August 23, 2005, Mr. Alexia issued a \$1,150 check to “Cash” from an undisclosed account. Mr. Alexia stated that he cashed the check and gave the proceeds to a firefighter in another district who performed annual fire pump testing and maintenance for the IVFD. He explained that the individual requested cash in exchange for the services and later provided LLA representatives with a typewritten invoice that included invoice and service dates which were five months apart. Although the invoice listed the company’s name, it did not include a contact name, physical address, phone number, or invoice number. The firefighter stated that he provided the services through his late father’s company and was paid in cash by Mr. Alexia.

On November, 29, 2007, Mr. Alexia issued a check to himself in the amount of \$2,500 from the IVFD’s primary checking account. Mr. Alexia stated that he endorsed and cashed the check to purchase heaters for the fire stations. He provided copies of invoices from a local vendor for heaters and other supplies as well as a copy of an official check for \$2,553 issued on April 10, 2008, to this vendor. Mr. Alexia explained that the vendor attempted but was unable to provide the necessary heaters in November 2007. He added that he maintained the cash in a box inside his house and then used the cash to purchase the official check when the heaters were provided in April 2008.

We recommend that the IVFD implement policies and procedures to ensure that (1) all bank accounts are recorded, reconciled, and audited; (2) transfers are verified periodically by an appropriate supervisor; (3) all check writing responsibilities are separated from bank reconciliation duties; (4) all checks require two signatures; and (5) all disbursements from all accounts are approved by the IVFD board and are supported by the proper documentation.

### **Employees Paid in Excess of Board Approved Salary**

Although the IVFD is a volunteer fire department, some employees are compensated in the form of salaries or wages under the IVFD’s contract with the Fire District. According to the contract with the Fire District, the IVFD must obtain prior approval for all salary and expenditures that are set by the Fire District’s board of commissioners. The IVFD does not maintain any written policies and procedures relating to payroll. Prior practice indicates that some employees punched timecards and submitted them to Mr. Alexia on a biweekly basis. Mr. Alexia then prepared a listing of the hours worked, hourly wages, and total payroll for each employee and faxed it to the IVFD’s contracted bookkeeper who used the listing to issue payroll checks.

An analysis of IVFD payroll expenditures from March 1, 2004, to February 29, 2008, indicates that IVFD employees were paid a total of \$37,131 in excess of their board approved salaries. According to Fire District board minutes, the IVFD should have paid wages totaling \$144,276 for this period; however, wages were issued totaling \$181,407. Of the amounts overpaid, Mr. Alexia received \$8,171 in excess of his board approved salary and various other employees received the remaining \$28,959. In addition, six employees including Mr. Alexia were also overpaid a total of \$2,426 from FEMA reimbursements. Lastly, on June 20, 2008, a firefighter was paid \$2,500 by Mr. Alexia without board approval.

Former Chief Raymond Alexia

On March 22, 2004, the Fire District board approved a salary of \$450 per month for Mr. Alexia. Based on this information, Mr. Alexia should have been paid \$21,600 from March 2004 through February 2008. However, according to IVFD payroll records, Mr. Alexia authorized payroll checks to himself in the amount of \$29,771 resulting in an overpayment of \$8,171. Mr. Alexia stated that his salary was supposed to increase to \$700 per month after a probationary period. The Fire District board president stated that Mr. Alexia was told that his salary was going to increase to \$700, but the board forgot to make the motion to enact the salary increase. According to Fire District board minutes, Mr. Alexia's salary was never increased during this period.

In December 2005, the Fire District received reimbursement from the FEMA public assistance program for force account labor and equipment expenditures incurred in response to Hurricane Katrina. These funds were then distributed to the local fire departments, including the IVFD, based on amounts requested for labor and equipment. Although the documentation submitted to FEMA did not request reimbursement for overtime worked by Mr. Alexia, Mr. Alexia authorized and received a check from the IVFD in the amount of \$1,289 for "FEMA wages" in January 2006. When asked about the disbursement, Mr. Alexia stated that he was a salaried employee and should not have been paid from the FEMA funds. Because Mr. Alexia improperly received funds from FEMA reimbursements, FEMA may request that the IVFD refund these amounts.

Firefighters

A review of Fire District board minutes indicated board approval of the following:

- On March 22, 2004, the board voted to pay two IVFD employees \$6 per hour for 48 hours per week.
- On March 26, 2007, the board voted to pay \$300 per month for six months to an IVFD firefighter for preparing insurance ratings.
- On January 28, 2008, the board voted to convert one IVFD employee from hourly wages to a monthly salary.

Based on board approval, from March 2004 through February 2008, employees (excluding Mr. Alexia) should have received wages totaling \$122,676. However, IVFD payroll records for this period indicate that wages totaling \$151,636 were issued to 22 employees resulting in excessive wage payments totaling \$28,960.

During our review of FEMA funds, we noted that the Fire District received a total of \$4,620 for overtime hours worked by five full-time IVFD employees. This amount included overtime wages totaling \$3,483 as well as \$1,137 for the corresponding benefits incurred by the agency. Although the benefit amounts should have been retained by the IVFD, Mr. Alexia disbursed the wages and the benefits to the employees resulting in a

\$1,137 overpayment. Because Mr. Alexia improperly expensed funds from FEMA reimbursements to firefighters, FEMA may request that the IVFD refund these amounts.

On June 20, 2008, Mr. Alexia issued a check in the amount of \$2,500 to Brian Costa, an IVFD firefighter. The IVFD bookkeeper stated that Mr. Alexia did not provide her with any supporting documents for this check. In addition, approval of this payment was not found in Fire District board minutes. According to Mr. Costa, the check was payment for time spent overseeing the USDA grant monies used to build a new fire station. Mr. Costa also stated that he did not track the time worked on the project.

We recommend that the IVFD implement the following policies and procedures pertaining to payroll:

1. Maintain personnel folders for each employee that includes the approved salary or rate of pay
2. Require all employees to complete time reports to document hours worked
3. Maintain written policies and procedures
4. Seek reimbursement for any amounts overpaid

In addition, the IVFD should inquire as whether or not the Fire District board intended to pay Mr. Alexia \$700 per month after his probationary period. If the Fire District intended to increase Mr. Alexia's pay, we recommend the IVFD seek an attorney general opinion to determine if Mr. Alexia can keep the additional pay.

### **Lack of Oversight and Controls**

The ultimate expenditures of public funds by volunteer fire departments or any other state or local government or quasi-public agency are subject to the public bid law, ethics law, open meetings law, and public records law. They are also subject to the audit law and must be reported to the LLA in the agency's annual financial report. In addition, if public funds are transferred to funds or bank accounts in which they are commingled with private funds, then those private funds, including donations, are subject to the audit law.

The IVFD's financial statements primarily detail the receipt and disposition of funds received from the Fire District and are processed and accounted for using two primary bank accounts. During our review of these accounts, we noted the following:

1. The IVFD has maintained three additional bank accounts which contained both public and private funds but were not included in the financial statements in accordance Louisiana law.
2. The IVFD incurred bank overdraft charges totaling \$4,626 on these bank accounts.

3. The IVFD failed to file Internal Revenue Service form 1099 (miscellaneous income) for non-employees who performed services for the IVFD.
4. The IVFD made purchases in possible violation of state law.<sup>3</sup>

#### Undisclosed Accounts Not Subject to Audit Law

The IVFD receives disbursements from the Fire District on a quarterly basis and deposits the funds into a primary checking or savings account in the name of the IVFD. Mr. Alexia was in charge of all aspects of these accounts including making deposits, approving expenditures, writing checks, and receiving the bank statements. Once completed, all financial records and the supporting documentation are forwarded to a local CPA firm to compile the financial statements that are annually reviewed by another CPA firm. In addition, Mr. Alexia maintained three additional bank accounts in the IVFD's name that included public funds but were not included in the financial statements as required by state law.<sup>4</sup>

At least two of these accounts were initially opened at the request of the USDA to account for grant and/or loans received from the USDA. Once the grant funds were expended, the accounts remained open and were used for other purposes. The third account was opened prior to Mr. Alexia's appointment as fire chief. For each of these IVFD accounts, Mr. Alexia received the bank statements, had custody of the checkbooks, and was the only authorized signer. Mr. Alexia explained that he did not inform the Fire District, accountant, or reviewer about these accounts because they were used primarily for donations and USDA grant funds and he understood that only Fire District monies needed to be included in the financial statements. However, a review of these bank records indicated that public funds were commingled with private funds and that all funds should have been included in the financial statements subject to the state audit law.<sup>4</sup>

#### Overdraft Charges

From January 1, 2004, to March 31, 2008, the IVFD incurred \$4,626 of bank overdraft and non-sufficient funds fees. This amount included 112 charges of \$27 to \$31 (depending upon bank and date) each time an amount greater than the available balance was withdrawn from these accounts and 274 daily charges of \$3 or \$5 (depending upon date) for not maintaining sufficient funds in these accounts. All transactions processed from the IVFD accounts were initiated by Mr. Alexia. The contracted bookkeeper is responsible for monitoring and reconciling the main accounts while Mr. Alexia monitors and reconciles all other accounts.

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<sup>3</sup>Article 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.

<sup>4</sup>R.S. 24:513 J(d) provides, in part, that “. . . if state or local assistance received and/or expended by a quasi public agency or body is commingled with other funds of the quasi public agency or body then such state or local assistance and other funds of the quasi public agency or body shall be audited pursuant to Subparagraph (1)(c) of this Subsection.”

Failure to File 1099s

The Internal Revenue Code requires that Internal Revenue Service Form 1099-MISC be filed for all persons whom the IVFD paid non-employee compensation exceeding \$600 in one year. During our review, we noted that these requirements were met by at least 14 individuals; however, the IVFD failed to issue these forms. Many of these individuals were paid for services rendered during the construction of USDA funded fire stations because Mr. Alexia acted as the general contractor on the projects.

Purchases Made in Possible Violation of Louisiana Laws

The attorney general has historically opined that using public funds to defray the costs of Christmas parties, office celebrations, and alcohol is prohibited by Article 7 Section 14 of the Louisiana State Constitution.<sup>5</sup> To determine if an expenditure of public funds is in accordance with Article 7, Section 14 of the Louisiana Constitution, the Attorney General in Opinion 07-0134 outlines a three-prong test. It requires:

- (1) a public purpose for the expenditure or transfer;
- (2) the expenditure or transfer; taken as a whole, does not appear to be gratuitous; and
- (3) evidence demonstrating that the public entity has a reasonable expectation of receiving a benefit or value at least equivalent to the amount expended or transferred.

From December 2004 through March 2008, funds totaling \$4,503 were expended for four separate meals at local restaurants which appear to have been Christmas parties. A review of the invoices indicated the following:

1. None of the invoices were either itemized or included a list of attendees.
2. Two of the invoices indicated that the purpose of the meals was for safety meetings.
3. The remaining two invoices indicated that they were for Christmas parties.
4. One of the invoices included charges totaling \$55 for alcoholic beverages.

Mr. Alexia stated that these purchases were made for IVFD members and their spouses during four yearly Christmas parties/safety meetings. Because these purchases included spouses, were celebratory in nature, and had no benefit or value equivalent to the amount expended, Mr. Alexia appears to have violated the Louisiana Constitution.

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<sup>5</sup>AG Opinion 99-358 provides, in part, that "it is the opinion of this office that the Commission can use its funds to host a luncheon for the dignitaries enumerated above under the following conditions: . . . public funds are not used for the purchase of alcohol."

AG Opinion 91-589A states, in part, that "district funds were used to defray the cost of Christmas parties . . . you ask if this is permitted. . . . Again, in our opinion, such a private use of public funds would be prohibited by Art. 7 Sec. 14, La. Const. 1974."

We recommend that the IVFD:

- (1) segregate the duties of check authorization and bank reconciliation;
- (2) require all IVFD accounts to be included in all statements of financial position;
- (3) obtain purchase requisitions and invoices for all expenditures from all accounts;
- (4) require two signatures on withdrawals from all accounts;
- (5) monitor account balances and reconcile accounts regularly;
- (6) file all necessary tax documents;
- (7) discontinue the use of public funds for celebratory functions;
- (8) require itemized receipts or invoices for all purchases made with public funds;  
and
- (9) document attendees and the business purpose for all meals purchased with public funds.

The Independence Volunteer Fire Department (IVFD) is a nonprofit corporation operating as a volunteer fire fighting organization to provide fire protection and emergency response services in the Town of Independence and the surrounding rural areas. The IVFD is primarily funded by the Tangipahoa Parish Fire Protection District No. 2 (Fire District) but has also received direct federal grants as well as private donations. Each year the Fire District, a subdivision of the Tangipahoa Parish Government (Parish), contracts with the IVFD and nine other nonprofit fire departments to provide fire protection and emergency response services to the rural areas of Tangipahoa Parish.

The Louisiana Legislative Auditor (LLA) received an allegation from a Town resident regarding improprieties related to expenditures of funds from the IVFD bank accounts. As a result, LLA reviewed available IVFD and Fire District records to determine the propriety of the allegation. The procedures performed during this audit consisted of:

- (1) interviewing employees of the IVFD and Fire District;
- (2) interviewing other persons as appropriate;
- (3) examining selected documents and records of the Parish;
- (4) gathering documents from external parties;
- (5) reviewing IVFD and Fire District policies and practices; and
- (6) reviewing applicable stated laws and regulations.

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## Management's Response



# INDEPENDENCE FIRE DEPARTMENT



**Michael A. Ragusa**  
*Mayor*

473 West Railroad Ave.  
P. O. Box 612  
Independence, Louisiana 70443  
(985) 878-2702



**Dennis Crocker**  
*Fire Chief*

August 25, 2008

La. Legislative Auditor

P.O. Box 94397

Baton Rouge, La. 70804-9397

Attn: Steve J. Theriot, CPA

RE: Audit findings dated 8/14/08

Dear Mr. Theriot:

I was appointed Fire Chief effective July 1, 2008, the appointment was made by the Mayor, Parish and approved by the Board of Alderman. Prior to my appointed position here in Independence, I had no knowledge as to the previous Fire Chief's actions. There was no transition period from myself and the Ex Chief, Mr. Alexia. Upon my arrival on July 1, 2008, I found the office to be completely emptied of any information, files, data, etc.

Therefore to reiterate, prior to my taking the Fire Chief Position, I have no knowledge of how the Department operated.

I have addresses the following recommendation presented by your office as follows:

Policy and Procedures pertaining to payroll:

1. **Personnel Folders:** Each employee has a separate employee folder that includes the approved salary and rate of pay.
2. **Time Recording:** Use of time clock to report their arrival and departure.
3. **Written Policy and Procedures:** The Policy and Procedure Book are being compiled and will be implemented upon completion and Board approval.
4. **Reimbursement for amount overpaid:** The City Attorney is looking into the matter.
5. **Check authorizations and Bank Reconciliation:** Reconciliations and check issues are handled by the CPA Firm of Baglio & Associates.

6. IVFD Accounts: There is only two accounts active at this time. One account is a savings account used for the purpose of "Rainy Day Fund", an Operating Account is used to operate the Rural Fire District 2.
7. Required 2 signature on accounts: Implemented effective July 2, 2008.
8. Bank Balances and reconciliations: Balances is monitored quarterly and accounts reconciled monthly by the CPA Firm.
9. Tax Documents: Handled by the CPA Firm.
10. Discontinuation of Public Funds has been enforced as of July 1, 2008.
11. Itemized Receipts: All invoices, payments and receipts are copied and filed after submitted to CPA. Purchase orders are issued with Quotes before processing invoices.
12. Meal Purchases: Discontinued July 1, 2008.

In closing, my office has implemented our own policies and has since discontinued "Non Professional Practices" from the previous administration.

The Independence Fire Department and community wish to "Thank You", for bringing to light the discrepancies that was performed. If there are any questions that your office may have, please feel free to contact my office at (985) 878-2702.

Sincerely,



Dennis Crocker

Independence Fire Chief



## TANGIPAHOA PARISH RURAL FIRE PROTECTION DISTRICT NO. 2

P O BOX 215 • AMITE, LOUISIANA 70422  
(985) 748-3211  
FAX (985) 748-8994  
Mail: margiea@i-55.com

### COMMISSIONERS

TOM TOLAR

TENNIS RICK

MICHAEL PETITTO

CARLO S. BRUNO

H. G. "BUDDY" RIDGEL

RONNIE BANKSTON

LIONELL WELLS

CARLOS NOTARIANO

DEBBIE EDWARDS

BOBBY CORTEZ

August 21, 2008

Ms. Kimberly Jones  
CPA, CFE  
Senior Auditors  
Compliance Audit Division  
Office Of The Louisiana Legislative Auditor  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

MARGIE ALLEN - SECRETARY

JENNY BAKER - TREASURER

Re: Tangipahoa Parish Rural  
Fire Protection District  
Number 2 Internal  
Financial Controls

Dear Ms. Jones:

The Board of Commissioners for the Tangipahoa Parish Rural Fire Protection Number Two had no knowledge of the allegations of impropriety and alleged theft of public funds uncovered in your office's audit of the Independence fire Department and its former fire chief. After our meeting of last week, I called a special meeting of the Board of Commissioners for the Tangipahoa Parish Rural Fire Protection Number Two for Wednesday, August 20, 2008. The membership of the board was universally shocked and dismayed by the information provided to them.

The current situation has brought to the fire board's attention serious deficiencies in the oversight of those public funds with which the fire district has been trusted. To remedy these deficiencies the fire board has committed itself to a complete overhaul of its financial management of these funds.

By a unanimous resolution adopted at the August 20, 2008 special meeting of the Board of Commissioners for the Tangipahoa Parish Rural Fire Protection District Number 2 at which all of the members were present except one (1), the fire board adopted the following plan in hopes of preventing any future financial improprieties, to-wit:

a) Effective immediately the fire district will require that each fire chief for the rural fire departments and municipal fire departments contracting with Tangipahoa Parish Rural Fire Protection District Number 2 be bonded. Initially the costs of these bonds will be paid from the administrative funds of the fire district. The district's secretary will immediately begin the process of seeking quotes for the required bonds from insurance agencies.

b) Each rural fire department contracting with the Tangipahoa Parish Rural Fire Protection

District Number 2 that uses a bookkeeper or treasurer rather than a Certified Public Accountant to prepare its financial statements and over see its financial operations must get that individual bonded.

c) Each rural fire department contracting with the Tangipahoa Parish Rural Fire Protection District Number 2 must designate a single banking account where any and all payments from the fire district shall be deposited.

d) Each rural fire department checking account designated for receipt of fire district funds must require at least two (2) of its elected officer's signatures on these checks regardless of the purpose or amount of the check.

e) Beginning on January 1, 2009 and every two (2) years thereafter the fire district will conduct a "financial" audit not a "review" audit of each of the rural fire departments with which it contracts. This audit will include an audit of each and every account into which the rural fire departments have deposited funds from the Tangipahoa Parish Rural Fire Protection District Number 2. These audits will be conducted by a duly licensed and qualified certified public accountant.

In addition to the steps being taken pursuant to the plan outlined hereinabove, the fire district's board of commissioners have created a committee of its membership to study the issue as to whether the fire district needs a full time paid administrator to oversee the operations of the fire district and the rural fire departments and municipal fire departments that contract with the fire district. The purpose of this committee will be to make a determination as to the need for such a full time official, the job qualifications for such a position and the estimated cost of such an official in salary, benefits and transportation.

The Board of Commissioners for the Tangipahoa Parish Rural Fire Protection District Number 2 recognize that the district and those rural fire departments contracting with the fire district must do more to safeguard the public funds that have been intrusted to them. As the president of this board, I can assure you that steps are being taken and will be taken to tighten financial controls in the hope that the problems currently facing the board will not be repeated.

This letter is being sent in response to the information provided in your preliminary audit findings as regards the Independence Fire Department and its former fire chief and per your request for a written response to these findings. Our board is open to and desires your office's input as to any additional steps that can be taken to further strengthen the fire district's financial controls.

With best regards, I remain

Yours very truly,

A handwritten signature in black ink, appearing to read 'Carlo S. Bruno', with a long horizontal flourish extending to the right.

Carlo S. Bruno  
President

CSB:atj

### **Response from Mr. Raymond Alexia**

In a letter dated, August 14, 2008, we asked Mr. Alexia to respond, in writing to this report; Mr. Alexia chose not to respond.