

# LEGISLATIVE AUDITOR

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## STATE OF LOUISIANA

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### LOUISIANA STATE BOARD OF PRIVATE INVESTIGATORS

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AUDIT REPORT  
ISSUED MAY 5, 2004

**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
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May 5, 2004

**MR. EDWARD HARDIN, CHAIRMAN,  
AND MEMBERS OF THE LOUISIANA  
STATE BOARD OF PRIVATE  
INVESTIGATOR EXAMINERS**  
Baton Rouge, Louisiana

We have audited certain transactions of the Louisiana State Board of Private Investigator Examiners in accordance with Title 24 of the Louisiana Revised Statutes. Our audit was performed to determine the propriety of certain travel reimbursement transactions.

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 Louisiana State Board of Private Investigator Examiner's financial statements or system of internal control nor assurance as to compliance with laws and regulations.

The accompanying report presents our finding and recommendations as well as management's response. Copies of this report have been delivered to the Louisiana State Board of Private Investigator Examiners' board members; the Honorable Doug Moreau, District Attorney for the Nineteenth Judicial District; the Louisiana State Board of Ethics; and others as required by state law.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Grover C. Austin".

Grover C. Austin, CPA

First Assistant Legislative Auditor

LT:DD:DGP:dl

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During the period September 2001 through May 2003, Mr. Howard Malpass, Ethics Chairman of the Louisiana State Board of Private Investigator Examiners (Board), submitted 11 false hotel receipts to the Board for expense reimbursement. Mr. Malpass has received reimbursement for five of the 11 receipts totaling \$325. Though Mr. Malpass traveled to Baton Rouge on each of the occasions represented by the expense reimbursement requests and would therefore have been entitled to travel expense reimbursement, the hotel receipts submitted were not valid receipts of actual expenses incurred.

Mr. Malpass was appointed to the Board by former Governor Mike Foster on March 7, 2001. The Board follows the *Louisiana State Travel Guide*. The travel guide specifies that the reimbursement rate for lodging is \$65 per night with an accompanying receipt for an overnight stay in Baton Rouge.

#### Hotel Receipts Reimbursed by the Board

Mr. Malpass submitted to the Board five LaQuinta hotel receipts from September 2001 through May 2002. Mr. Malpass was reimbursed a total of \$325 based on these receipts. Ms. Angelique Shelley, General Manager of the LaQuinta of Baton Rouge stated that all five receipts were false. Her comments were as follows:

- Mr. Malpass was not a guest at the LaQuinta on two of the occasions.
- Mr. Malpass was a guest on two occasions, but the room numbers stated on the receipts were not the rooms he occupied on the dates in question.
- The folio number (a unique number to each guest visit) on all five receipts was incorrect.

It could not be determined if Mr. Malpass was a guest at another hotel on the two occasions he was not a guest at the LaQuinta. According to Board records, Mr. Malpass attended the Board meetings that corresponded to the dates of all five receipts.

#### Hotel Receipts Not Reimbursed by the Board

Mr. Malpass submitted six additional false receipts to the Board for reimbursement. These receipts were for overnight stays at LaQuinta in Baton Rouge from July 2002 through May 2003. Ms. Shelley noted the following discrepancies on the receipts:

- All of the folio numbers were incorrect.
- One receipt stated a room number that was not listed as occupied in the hotel's computer.
- One receipt had no stated room number and the date of the receipt was a different year (2003) than the date of the stay (September 2002).
- One receipt stated a nonexistent room number.
- Three receipts were dated 2003, but Mr. Malpass was not a guest in 2003.

Mr. Malpass did not stay at the LaQuinta in Baton Rouge on the last three occasions indicated above; however, he spent the nights at other Baton Rouge area hotels. According to the Board records, Mr. Malpass attended all six Board meetings corresponding to the dates on the false receipts.

According to Mr. Malpass, he lost some receipts then created replacement receipts by scanning a receipt from the LaQuinta hotel into his computer and changing the information and dates. He then submitted the false receipts to the Board for reimbursement.



## LOUISIANA STATE BOARD OF PRIVATE INVESTIGATOR EXAMINERS \_\_\_\_\_

Mr. Malpass stated he always stays overnight in Baton Rouge when he travels from Shreveport to attend Board meetings. When Mr. Malpass submitted the last six receipts for reimbursement, the Board recognized that the receipts were false then rejected them. According to Mr. Malpass, he does not intend to seek reimbursement for these expenses. If Mr. Malpass submitted original hotel receipts, instead of falsified receipts<sup>1</sup>, he would be entitled to reimbursement of \$65 for each night's stay.

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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.



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## RECOMMENDATIONS

We recommend that the Board continue its diligent review of expense reimbursements and seek the recovery of the \$325 improperly paid to Mr. Malpass. The Board should accept only original receipts for expense reimbursements.







The Louisiana State Board of Private Investigator Examiners is created within the Department of Public Safety and Corrections and is provided for by R.S. 37:3501. The Board was enacted to regulate the private investigation profession. The Board ensures that private investigators have certain qualifications and are licensed. The Board's functions include, but are not limited to, (1) collecting fees for licensure and license renewal; (2) monitoring training requirements and continuing education; (3) providing suspensions, revocations and reciprocity along with governing violations and appropriate penalties; and (4) issuing cease and desist orders and injunctive relief. These duties, responsibilities, and functions are governed by a seven-member board consisting of a chairman, ethics chairman, education and training chairman, and investigatory officer. The Board's legal guidance is provided for by two attorneys functioning as general counsel and complaint counsel.

The legislative auditor received information of possible improprieties involving Board Member Howard Malpass' expense reports. The procedures performed during this fraud and abuse audit consisted of the following:

- (1) interviewing employees and officials of the Board;
- (2) interviewing other persons as appropriate;
- (3) examining selected Board documents;
- (4) performing observations and analytical tests; and
- (5) reviewing applicable state and federal laws and regulations.

Our audit was enhanced and expedited by cooperation from the Louisiana State Police.









**LOUISIANA STATE BOARD OF PRIVATE INVESTIGATOR EXAMINERS**

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**HOWARD MALPASS**  
Ethics Chairman

**DOUGLAS J. CHAUVIN**  
Investigatory Office

**JIM B. BROWN**  
Executive Director

**CAMILLE GRAVEL**  
General Counsel

**CELIÀ CANGELOSI**  
Complaint Counsel

Dear Mrs. Tucker:

The Louisiana Legislative Auditor recently conducted an investigation concerning William Howard Malpass, a member of the Louisiana State Board of Private Investigator Examiners and the submission of certain travel vouchers that Mr. Malpass submitted to the Board office for payment.

Friday, April 23, 2004, you and another auditor conducted an exit conference with Jim B. Brown, Executive Director for the Board and with me. The following is the official response from the Board.

Since 1997, the Board has had internal controls in place to prevent waste, fraud and abuse of Board funds. We have those controls in place presently and we will keep those controls in place in the future.

Your audit revealed funds that are due to be reimbursed by Mr. Malpass. It is the intent of the Board to immediately seek to recover any and all funds that are due the Board.

We appreciate your diligence and professionalism and look forward to working closely with the Louisiana Legislative Auditor in the future.

Very Truly Yours,

  
A. Edward Hardin  
Chairman of the Board  
Financial Chairman