

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Marshmore Parish Sheriff's Office
Bastrop, Louisiana

December 9, 1996



Investigative Audit

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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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 Bureau through office of the Legislative Auditor and at the office of the parish clerk of court.

Morehouse Parish Sheriff's Office

December 9, 1996



**Investigative Audit
Office of the Legislative Auditor
State of Louisiana**

**Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor**

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EMILIO G. WILK, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BAYOU BOULEVARD, LAUREL, LOUISIANA 70001-0001

500 NORTH THIRD STREET
POST OFFICE BOX 9400
TELEPHONE: (504) 488-6000
FACSIMILE: (504) 488-3000

December 9, 1998

THE HONORABLE BOB CARTER, SHERIFF
MOOREHOUSE PARISH SHERIFF'S OFFICE
Bastrop, Louisiana

Transmitted herewith is our investigative report on the Moorehouse Parish Sheriff's Office. Our investigation was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to address certain information received by this office related to payroll and personnel matters and certain expenditures of the sheriff's office.

This report presents our findings and recommendations, as well as the responses of the sheriff's office. Copies of this report have been delivered to the Honorable Jerry L. Ponce, District Attorney for the Fourth Judicial District of Louisiana, the United States Attorney for the Western District of the State of Louisiana, the Rural Housing and Community Development Service, and other authorities as required by state law.

Respectfully submitted,

Daniel G. Kyla, CPA, CFE
Legislative Auditor

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Executive Summary

Investigative Audit Report Morehouse Parish Sheriff's Office

The following summarizes the findings and recommendations that resulted from this investigation. Detailed information relating to the findings and recommendations may be found at the page number indicated.

Sheriff and Contractor Submitted Misleading Information to FAFIA

(Page 1)

Findings:	Sheriff Frank Carroll and Gulf Coast Corrections, Inc., provided false and misleading information to the Farmer's Home Administration (FAFIA) to obtain a \$5.15 million loan to build the Morehouse Parish Correctional Center.
Recommendations:	The FAFIA should review this information and take appropriate action. In addition, the District Attorney for the Fourth Judicial District of Louisiana and the United States Attorney for the Western District of the State of Louisiana should review this information and take appropriate legal action. Furthermore, the Morehouse Parish Law Enforcement District and the Morehouse Parish Sheriff's Office should comply with all federal, state, and local laws.
Management's Response:	These actions occurred during the prior administration and therefore I cannot comment on their accuracy. Please be advised that I stand ready to fully cooperate with your office, the District Attorney, and the United States Attorney in any investigation that may result from your findings.

**Sheriff Improperly Increased Personnel
and Payroll Expenditures**

(Page 6)

- Findings:** Sheriff Frank Carroll increased the number of employees and the amount of payroll expenditures of his office above certain legal limits during an election year.
- Recommendation:** The sheriff's office should comply with all aspects of Louisiana law and give particular attention to those limitations imposed by law during an election year. Also, the District Attorney for the Fourth Judicial District of Louisiana should review this information and take appropriate legal action.
- Management's Response:** This finding is based on decisions and actions of the former sheriff. I am and always have been committed to conducting the operations of my office in compliance with all applicable laws, regulations, and requirements.

**Two Sheriff's Office Employees Paid
for Time Not Worked**

(Page 7)

- Findings:** Sheriff Frank Carroll and Warden Carl Faurick allowed two sheriff's office employees to receive salary and benefits totaling \$18,971 after all of their accrued leave balances were exhausted.
- Recommendation:** The sheriff's office should establish adequate internal control policies and procedures which ensure that employees are compensated only for actual time worked, leave earned, and as otherwise required by state and federal law. The sheriff's office should not continue to compensate employees and pay their insurance premiums subsequent to their termination and use of available leave. Furthermore, the sheriff's office should notify its insurer when employees are no longer actually working. The District Attorney for the Fourth Judicial District of Louisiana should also review this information and take appropriate legal action.

Management's Response: Upon assuming office in July 1995, I instituted policies and procedures that are designed to ensure compliance with all governing laws and regulations.

Inadequate Controls Over Payroll

(Page 10)

Finding: Sheriff Frank Carroll's administration failed to establish adequate controls over payroll by (1) not properly monitoring leave records, (2) allowing employees to participate in political campaigns, and (3) not accounting payable leave benefits. As a result, the sheriff's office may have violated Article 7, Section 14 of the Louisiana Constitution and its own personnel and payroll policies.

Recommendation: The sheriff's office should develop policies and procedures to ensure the following:

- Leave balances are monitored by the payroll department. Reports of employee leave balances should be created and distributed to the appropriate department supervisors for use when approving leave taken.
- Policies regarding prohibited political activities are strictly adhered to.
- Accounts are established to record accrued leave benefits.

The sheriff's office should also contact the U.S. Department of Labor and develop procedures to ensure compliance with all applicable requirements.

Management's Response: We have instituted policies and procedures that are designed to ensure compliance with all laws and regulations.

Violations of the Public Bid Law**(Page 11)**

Findings:	The Madhouse Parish Sheriff's Office violated the Public Bid Law by not bidding the purchase of food for the inmates, two vans, a patrol car, a trailer, and gym equipment.
Recommendation:	The sheriff's office should establish procedures to provide assurance that all purchases are made in accordance with all applicable laws.
Management's Response:	This finding addresses actions that occurred in the prior administration. I am committed to conducting the operations of my office in compliance with all applicable laws and requirements.

Background and Methodology

The Legislative Auditors received allegations that the prior sheriff, Frank E. Carroll, had violated certain statutes relating to the payment or hiring of sheriff's office employees and certain personnel matters. Allegations were also received relating to the Morehouse Parish Correctional Center, the new prison built during the Carroll administration. To address these issues, we performed the following procedures:

1. Examined selected Morehouse Parish Sheriff's Office records
2. Interviewed current and prior sheriff's office employees and other individuals as necessary
3. Reviewed documentation prepared by the sheriff's office and other agencies, individuals, and companies
4. Reviewed Louisiana statutes, Federal laws, and Attorney General opinions applicable to our investigation
5. Made inquiries, observations, and performed tests to the extent we considered necessary to achieve our purpose

Findings and Recommendations

SHERIFF AND CONTRACTOR SUBMITTED MISLEADING INFORMATION TO FARMER'S HOME ADMINISTRATION

Sheriff Frank Carroll and Gulf Coast Corrections, Inc., provided false and misleading information to the Farmer's Home Administration (FmHA) to obtain a \$3.18 million loan to build the Morehouse Parish Correctional Center (MPPCC).

The false and misleading information was provided as follows:

1. When FmHA questioned how the facility would serve the local community, Sheriff Carroll replied that no less than 90 percent of the inmates housed in the facility would be from Morehouse Parish. Since its opening, 99 percent of the inmates have been state inmates.
2. FmHA requires prior approval when the designer of a facility also builds the facility (known as a design/build contract). Sheriff Carroll did not obtain prior approval. When notified of this requirement, Sheriff Carroll prepared a letter of request that was heeded 14 months.
3. In response to FmHA questioning a \$555,000 cost increase, Sheriff Carroll explained that the difference related to items he omitted from the original bid specifications. However, the items listed by Sheriff Carroll as being omitted were, in fact, specifically included in the bid specifications.
4. All correspondence between Sheriff Carroll and FmHA referred to the project as a 208 bed facility. At the same time, correspondence with others referred to the project as a 240 bed facility.

During November and December 1990, Sheriff Carroll advertised for the construction of a 208 bed detention facility to be owned by the Morehouse Parish Law Enforcement District (District). Each prospective bidder was provided with a summary of bid specifications published by the District. These specifications provided that the facility should consist of not less than 18,000 square feet. Furthermore, the specifications provided that each bidder should include in his proposal the cost of the land, furnishings, equipment, and all other items necessary for the facility to be ready for occupancy after construction of the building. The bidders were also required to assist the District in obtaining financing for the facility.

On January 15, 1991, the District received four proposals for construction of the facility. According to the sheriff's bid tabulation, Gulf Coast Corrections, Inc. (Gulf Coast), submitted the low bid of \$2,325,000. Mr. Pat LeBlanc, President of Gulf Coast, and Mr. Mike LeBlanc, Vice President of Gulf Coast, both stated that the bid proposal submitted by their firm included all of the items required by the District's bid specifications. Mr. Mike LeBlanc stated that their firm proposed financing the project through PndIA.

The District submitted an application dated February 4, 1991, to PndIA for a community facility loan. The purpose stated on the application was to build a 208 bed facility at a total cost of \$3.18 million. This was to be a design/build project. A proposed construction budget was included with the application. This budget provided that relocation expenses and construction interest would total \$800,000, and the remaining items in the budget would total \$2.38 million. According to PndIA guidelines, to be considered for this loan, a project must qualify as an essential community facility and must primarily serve a rural area. The PndIA National Office stated that this project would qualify as an essential community facility if it was going to house parish inmates for the sheriff's office.

Criteria for a Community Facility Loan Not Met

On January 14, 1991, the PndIA State Office requested National Office concurrence for the \$3.18 million loan to the District. The National Office refused to concur with the loan stating that the nature of the project appears to be to gain revenues from the housing of state prisoners. The National Office stated that this would constitute a commercial enterprise and, therefore, would not be eligible as an essential community facility. The National Office requested information showing that this facility would primarily serve the rural residents of the parish.

On June 11, 1991, to satisfy PndIA's requirement that the facility serve the local community, Sheriff Carroll sent a letter to PndIA stating that he had 1,200 outstanding warrants and that he expected 50 to 75 of these law breakers to be sentenced in the new facility. Sheriff Carroll also stated that at least 80 inmates would be transferred from the other parish jails to the new facility and no less than 90 percent of the inmates housed in the facility would be from Morehouse Parish.

During the period November 1994 to June 1996, the monthly average number of parish inmates housed in the facility was one percent. The remaining 99 percent of the inmates housed in the facility were state inmates for which the sheriff's office received payment by the Louisiana Department of Corrections.

Prior Approval Letter Backdated

The National Office also requested that the State Office provide additional information regarding the design/build method as required by FudHA guidelines. These guidelines require that prior approval be obtained for the use of a design/build construction method. We found a letter dated February 16, 1993, at the Morehouse Parish Sheriff's Office from Mr. Michael LeBlanc instructing Sheriff Carroll to scrape several items on his letterhead and send them on to Mr. Mike Taylor, then Deputy Director of Programs for the FudHA Regional Office. One of these items was a letter backdated to November 23, 1991, from Sheriff Carroll to FudHA requesting approval for the design/build method of construction. The National Office was not made aware that this request was actually prepared on February 16, 1993.

Contract Price \$555,000 Greater Than Bid Amount

On June 15, 1993, Sheriff Carroll, as ex-officio chief executive officer of the District, entered into a contract with Gulf Coast for the construction of a 208 bed facility. The contract provided that the District would pay Gulf Coast \$2.8 million. This amount was \$555,000 higher than the original bid submitted by Gulf Coast; however, the contract did not require any additional services or materials to be provided by Gulf Coast. On July 19, 1993, FudHA required the wording in several paragraphs of the original contract be revised. All major contract requirements remained the same. Neither of these contracts explained why the contract price increased by \$555,000 over Gulf Coast's bid price of \$2,325,000.

On July 7, 1993, approximately seven months after the District's initial application, the FudHA National Office issued a letter to the State Office requesting an explanation for the difference in the bid and contract prices. On July 13, 1993, at the instruction of Mr. Mike LeBlanc, Sheriff Carroll sent a letter to Mr. Taylor explaining that the difference in the bid and contract price for the 208 bed facility was non-bid items. In his letter, Sheriff Carroll explained that these non-bid items were omitted from the bid process and included land, furniture, equipment, construction management, and financing fees. However, our examination determined that these items were clearly included in the bid specifications published by the sheriff's office. Representatives from two other companies which bid on the project stated that these non-bid items were included in their bid proposals.

We met at various times with Sheriff Carroll, Mr. Mike LeBlanc, Mr. Pat LeBlanc, and Mr. Mike Taylor to discuss the difference in the bid price and the contract price. At each meeting, we were given different and conflicting statements.

Sheriff Carroll initially stated that the \$555,000 difference between Gulf Coast's bid price and the final contract price were start-up costs for the facility. When questioned, Sheriff Carroll was unable to explain why Gulf Coast's contract price would have included start-up costs for the facility. In a subsequent meeting, Sheriff Carroll claimed that the difference was due to an increase in the size of the facility. Sheriff Carroll contradicted himself a third time by stating the difference was due to a change in the facility's location. Sheriff Carroll later admitted that his letter of July 13, 1993, to FmHA was false and misleading because the costs he described as non-bid items were actually included in the original bid specifications. Sheriff Carroll further stated that Mr. Mike LeBlanc instructed him to send this letter to FmHA.

In separate meetings with Mr. Mike LeBlanc and Mr. Pat LeBlanc, both stated that the difference in the bid price and the contract price was due to a change in size of the facility. Both claimed that the firm's bid proposal was for either an 18,000 or a 20,000 square foot facility, but they actually built a 25,000 square foot facility. Mr. Mike LeBlanc stated that he talked to Mr. Taylor about the increase in size, and that Mr. Taylor did not have a problem with the change in contract price. Mr. Mike LeBlanc stated that the July 13, 1993, explanation letter to FmHA is a "misnomer," because all of the items referred to as non-bid items were included in his firm's bid proposal. Mr. Mike LeBlanc further stated that the explanation letter was dictated by Mr. Taylor. Mr. Pat LeBlanc stated the square footage increased because the facility was enlarged to hold 240 beds.

During our first meeting with Mr. Taylor, he stated that he did not remember a definite change in the square footage of the facility. Mr. Taylor stated that FmHA relied on the information in Sheriff Carroll's July 13, 1993, explanation letter to approve the loan for the District. Mr. Taylor also stated that if the difference in bid price and contract price was due to a change in the size of the facility, then he would have expected to see an explanation letter detailing that change and not the letter that was sent by Sheriff Carroll on July 13, 1993. At a later meeting, Mr. Taylor stated that he remembered that the size of the facility increased and that 240 beds was the size they agreed upon. Mr. Taylor also stated that he could have given Sheriff Carroll and Mr. Mike LeBlanc instructions on how to write the explanation letter.

In our last interview with Sheriff Carroll, he claimed that the decision to increase the size of the facility was made before the submission of the loan application to FmHA. Sheriff Carroll in addition stated that 240 beds gave the District the budgetary means to afford the facility.

Number of Beds Reported to FmHA Not Accurate

On August 9, 1993, Sheriff Carroll submitted an operating budget to FmHA based on 208 inmates. This operating budget was dated two days before loan approval by FmHA.

Based on documentation we received from FmHA, it appears that all correspondence, contracts, letters, and reports between the District and FmHA during the loan approval process referred to the project as a 208 bed facility. However, during the loan approval process, correspondence between the District, the Department of Corrections, the Louisiana Bond Commission, and other governmental officials referred to the project as a 240 bed facility. According to Mr. Mike LeBlanc, Mr. Pat LeBlanc, and Sheriff Carroll, all of the correspondence with FmHA referring to the project as 208 beds contains "typos."

Based on the information gathered during our examinations, it appears that Sheriff Carroll, Mr. Mike LeBlanc, Mr. Pat LeBlanc, and Mr. Mike Taylor provided false and misleading information to FmHA during the loan approval process. It appears that FmHA relied on this false and misleading information to approve a \$5.58 million loan to the district. Federal law (18 U.S.C. §1014) provides that whoever knowingly makes any false statements or reports on any application or loan for the purpose of influencing the actions of Farmers' Home Corporation or the Rural Development Administration, shall be fined not more than \$1,000,000 or imprisoned not more than 30 years or both.

These actions indicate possible violations of the following:

- 18 U.S.C. §371, "Conspiracy"
- 18 U.S.C. §1064, "Loan and Credit Applications"
- 18 U.S.C. §1341, "Mail Fraud"
- 18 U.S.C. §1344, "Bank Fraud"
- LSA-R.S. 14:124, "Malfeasance in Office"

The FmHA should review this information and take appropriate action. In addition, the District Attorney for the Fourth Judicial District of Louisiana and the United States Attorney for the Western District of the State of Louisiana should review this information and take appropriate legal action. Furthermore, the Morehouse Parish Law Enforcement District and the Morehouse Parish Sheriff's Office should comply with all federal, state, and local laws.

SHERIFF IMPROPERLY INCREASED PERSONNEL AND PAYROLL EXPENDITURES

Sheriff Frank Carroll increased the number of employees and the amount of payroll expenditures of his office above certain legal limits during an election year.

L.S.A.-R.S. 14:139.1 restricts a sheriff's ability to increase the number of employees or the amount of expenditures of his office during specific periods before and after a gubernatorial election. The statute, provides, in part:

during the six months preceding a gubernatorial election and during the time interval between the gubernatorial election and the first day of July following the election, it shall be unlawful for any sheriff to (1) increase the number of deputies or employees in his office by more than 5% over the average number of employees for each of the first six months of the twelve months preceding the election, or (2) increase the payroll or other operating expenses of his office more than 15 percent over its average amount of expenditures for each of the months of the first six months of the twelve months preceding the gubernatorial election.

This statute allows a sheriff to exceed these limits in the following circumstances:

- (1) in order to comply with a state or federal court order,
- (2) as a result of shifting revenue from a tax district election, or
- (3) for opening a new jail or completing a jail expansion.

We found that, in relation to the November 1995 gubernatorial election, Sheriff Carroll increased both the number of employees of his office and the total payroll expenditures above the allowable limits provided in this statute. In addition, we determined that there have been no recent court orders or tax elections requiring the sheriff's office to increase the number of employees or the total payroll expenses. Sheriff Carroll stated that he was not under any state or federal court orders for expansion of his office, nor were there any recent tax elections mandating an increase in the number of employees or payroll expenses. In addition, while Sheriff Carroll has recently opened a new jail facility, the MPOC in Collinston was fully operational and staffed by November 1994—one year before the election. Furthermore, this facility was at 98 percent of full inmate capacity by the end of April 1995.

As noted previously, LSA-R.S. 14:199.1 restricted Sheriff Carroll's ability to increase the number of employees or the amount of expenditures of his office during specific periods as compared to a certain "base period." In this case, the base period is the six months including November 1994 to April 1995. According to the statute, this base period should be compared to the period six months before the election and the period between the election and July of the following year. In applying the above statute, we determined that Sheriff Carroll could have legally increased the total number of employees up to a monthly average of 158 and the average monthly payroll expenses to \$222,885. However, Sheriff Carroll increased the average number of employees to 185 during the period before the election and 171 during the period after the election. Both of these averages exceed the allowable limit of 158. Sheriff Carroll also increased the average monthly payroll expense to \$232,468 during the period before the election and \$235,384 during the period after the election. These amounts also exceed the allowable limit of \$222,885.

Sheriff Carroll stated that most of the increase to the average number of employees was due to hiring part-time personnel in 1995. He stated that he hired these part-time employees in order to decrease the amount of overtime paid to the full-time employees. Hiring additional part-time personnel is not one of the three exceptions allowed by statute.

By allowing the sheriff's office to exceed those legal limits, Sheriff Carroll may have violated the provisions of:

- LSA-R.S. 14:199.1, "Political Payroll Padding"
- LSA-R.S. 14:194, "Malfeasance in Office"

The sheriff's office should comply with all aspects of Louisiana law and give particular attention to those limitations imposed by law during an election year. Also, the District Attorney for the Fourth Judicial District of Louisiana should review this information and take appropriate legal action.

TWO SHERIFF'S OFFICE EMPLOYEES PAID FOR TIME NOT WORKED

Sheriff Frank Carroll and Warden Carl Patrick allowed two sheriff's office employees to receive salary and benefits totaling \$38,571 after all of their accrued leave balances were exhausted.

Mr. Walter Smith and Mr. Mike Pardee were correctional officers at the MPCC. Mr. Smith was hired in June 1995, and worked slightly more than two months before he became ill in August 1995. Mr. Pardee was hired in August 1995, and worked approximately four months until he was involved in a serious car-vehicle accident unrelated to work on

December 13, 1995. Both of these employees remained on the sheriff's office payroll until April 30, 1996.

These employees worked for only a short period of time and earned minimal amounts of leave. Mr. Smith earned 31 hours of leave during the period June 1985 to April 1986, but was paid for 1,532 hours of leave. During the period August 1995 to April 1996, Mr. Pardue earned 84 hours of leave, but was paid for 828 hours of leave. Mr. Smith was paid \$10,387 and Mr. Pardue was paid \$5,093 for leave that was not earned. In addition, both of these employees were allowed to remain on the sheriff's office hospitalization plan after their leave was exhausted. As a result, the sheriff's office paid premiums of \$3,490 for these two employees who were no longer eligible for hospitalization benefits through the sheriff's office.

Mr. Walter Smith

Sheriff Carroll stated that Mr. Smith was on leave for 30 days and then returned to work performing overnight surveillance at MPCC. According to Sheriff Carroll, he and Warden Patrick advised Mr. Smith to avoid the cameras at MPCC so that Mr. Smith could perform this overnight surveillance undetected. Warden Patrick stated that he remembered discussing the overnight surveillance with Sheriff Carroll, but he did not train Mr. Smith for any type of surveillance work. Warden Patrick also stated that he never saw Mr. Smith perform this type of work.

We did not find any records to support Sheriff Carroll's claims that Mr. Smith performed surveillance work. In addition, Mr. Smith told us that he worked at MPCC for a short time and had been on sick leave since he was diagnosed with cancer. Mr. Smith told us that he only worked at MPCC as a guard and performed no other duties. In addition, he stated that Sheriff Carroll called him several times at both the hospital and his home inquiring about his health.

Warden Patrick stated that he was unaware Mr. Smith was continuing to be paid. Deputy Owen Youngblood and Deputy Jeff Winston, employees at MPCC, both stated that they had several conversations with Warden Patrick on how to handle Mr. Smith's paychecks when he was in the hospital.

Mr. Mike Pardue

Sheriff Carroll stated that he thought Mr. Pardue returned to work after his accident and was unaware that Mr. Pardue was not working. Mrs. Shirley Pardue, spouse of Mr. Pardue, stated Sheriff Carroll told her in May 1996 that he had to discontinue Mr. Pardue's paychecks because he was in trouble for paying Mr. Pardue.

According to Warden Patrick, Mr. Pardue was paid due to oversight. Warden Patrick stated that he was not very knowledgeable about leave policies and Sheriff Carroll did not provide him with any guidance regarding leave. Warden Patrick also indicated that he did not know the exact procedures for leave. We obtained office memorandums signed by Warden Patrick detailing various annual leave policies for employees at MPCC. In addition, we were informed that Warden Patrick assisted in the creation of the MPCC manual which includes sick leave policies.

In addition, Warden Patrick stated that he did not receive any time sheets. We determined that daily time sheets are prepared by the shift supervisor and turned in to the assistant warden. Assistant Warden Robert Tappin stated that he collected these daily time sheets and gave them to Warden Patrick. Deputy Owen Youngblood, MPCC secretary, stated that these daily time sheets were given to her by Warden Patrick. These daily time sheets indicate that Mr. Pardue was on sick leave from the date of his accident until April 1996.

Warden Patrick stated to us that he functioned as chief executive officer of MPCC and had complete hiring and firing authority. Warden Patrick also stated that Sheriff Carroll had full knowledge of the hiring and firing of employees at MPCC. According to Deputy Youngblood, Mr. Smith and Mr. Pardue were both unable to return to work; therefore, replacement employees had to be hired.

Furthermore, the sheriff's office may have violated its contract with its health insurance carrier by not informing the insurer that Mr. Smith and Mr. Pardue were no longer eligible for the sheriff's office group health hospitalization plan.

By allowing Mr. Smith and Mr. Pardue to remain on the sheriff's office payroll, the sheriff's office compensated these individuals \$15,480 for work not actually performed. In addition, the sheriff's office spent \$3,481 for hospitalization premiums that these two employees were not entitled to receive. It appears that Sheriff Carroll and Warden Patrick were aware that Mr. Smith and Mr. Pardue received these payments for work not actually performed. These actions indicate possible violations of the following:

- Article 3, Section 14 of the Louisiana Constitution
- LSA-R.S. 14:138, "Public Payroll Fraud"
- LSA-R.S. 14:134, "Malinsurance in Office"
- LSA-R.S. 42:1461, "Personal Obligation of Officials Not to Misappropriate"

The sheriff's office should establish adequate internal control policies and procedures which ensure that employees are compensated only for actual time worked, leave earned, and as otherwise required by state and federal law. Furthermore, the sheriff's office should notify its insurer when employees are no longer actually working. The District Attorney for the Fourth

Judicial District of Louisiana should also review this information and take appropriate legal action.

INADEQUATE CONTROLS OVER PAYROLL.

Sheriff Carroll's administration failed to establish adequate controls over payroll by (1) not properly monitoring leave records, (2) allowing employees to participate in political campaigns, and (3) not accruing payable leave benefits. As a result, the sheriff's office may have violated Article 7, Section 14 of the Louisiana Constitution and its own personnel and payroll policies.

Leave Records Not Properly Monitored

Before April 1996, each supervisor was responsible for tracking the leave balances for their employees. The sheriff's office was unable to provide leave balances or time sheets for two employees who were allowed to take large amounts of paid leave in 1994 and 1995. As a result, we were unable to determine whether these employees were entitled to be paid for the leave taken. We also found one part-time employee who was paid for sick, vacation, and emergency leave, even though the sheriff's office policy did not allow part-time employees to accrue any leave benefits. The responsibility of monitoring leave balances was given to the payroll department in April 1996 and appropriate procedures have been implemented.

By not properly monitoring leave records, the sheriff's office did not ensure that employees were entitled to the leave taken. In addition, the sheriff's office violated its policies by allowing a part-time employee to be compensated for sick, vacation, and emergency leave.

Political Activity by Employees

The sheriff's office policy states that employees may not openly endorse any candidate for public office. In addition, the policy provides that political activity by employees shall be restricted to voting and activities related to work. During our investigation, we noted several newspaper articles in which the sheriff and his employees openly endorsed Mr. Marion Hankson, the Chief Criminal Deputy, a candidate for sheriff. We were also informed that a sheriff's office employee, Mr. Harold Robinson, worked in Mr. Hankson's campaign headquarters answering the telephone during his regular working hours for the sheriff's office. Mr. Hankson, Mr. Robinson, and Sheriff Carroll admitted that Mr. Robinson answered the headquarters' telephone, but all stated that Mr. Robinson's answering the telephone did not interfere with Mr. Robinson's duties. By allowing these actions, Sheriff Carroll has violated the policies and procedures that he constituted for his employees.

Failure to Record Leave Benefits

The sheriff's office policy allows employees to carry over vacation leave to the year following the year in which it was earned and, upon termination, any unused annual leave will be paid at the employee's normal rate. The policy also allows employees to earn compensatory leave and provides that unused compensatory leave will be paid at the rate of time and one-half upon termination. The Fair Labor Standards Act (FLSA) provides that public safety employees must be paid for any accrued compensatory time exceeding 480 hours and must be paid for unused compensatory time at the time of termination of employment. Therefore, the sheriff's office has an obligation to its employees for unused annual and compensatory leave. However, the sheriff's office does not currently record a liability on its books for this obligation.

During June 1996, the sheriff's office paid \$134,360 to 18 employees. These payments were for accrued vacation and compensatory time for terminating employees and for accrued compensatory time in excess of 480 hours for current employees. During our examination we learned that the 9th Circuit Court of Appeals for the United States, in applying 29 USC Section 203 (c)(2)(C), found that deputy sheriffs were members of elected county sheriff's "personal staffs" and were not covered by the FLSA.

The sheriff's office should develop policies and procedures to ensure the following:

- Leave balances are monitored by the payroll department. Reports of employee leave balances should be created and distributed to the appropriate department supervisors for use when approving leave taken.
- Policies regarding prohibited political activities are strictly adhered to.
- Accounts are established to record accrued leave benefits.

The sheriff's office should also contact the U.S. Department of Labor and develop procedures to ensure compliance with all applicable requirements.

VIOLATIONS OF THE PUBLIC BID LAW

The Maricopa Parish Sheriff's Office violated the Public Bid Law by not bidding the purchases of food for the inmates, two vans, a patrol car, a tractor, and gem equipment.

The Public Bid Law requires the purchase of materials and supplies costing more than \$50,000 to be advertised and let by contract to the lowest bidder, except in case of an extreme public emergency. It has been long standing procedure that materials and supplies include equipment (Attorney General Opinion 1944-46, page 761.) In addition, the bid law provides that sheriffs who operate jails shall be required to purchase food at the lowest wholesale prices quoted for

quality products at or prices no greater than the wholesale rate for the same item. We found that, in the following instances, the Monroe Parish Sheriff's Office did not comply with the Public Bid Law:

Food for Inmates

During the period July 1993 through April 1996, the sheriff's office spent \$613,967 for food to feed the inmates housed in Monroe Parish facilities. Sheriff Carroll stated that the sheriff's office has not solicited price lists for food purchases since he became sheriff in 1988. According to Sheriff Carroll, the sheriff's office obtains a true wholesale price by purchasing most of its food items from Ben H. Keith, a wholesale distributor; however, a comparison of 25 items purchased from Ben H. Keith during February 1996 to a competitor's price list for the same month indicated that the sheriff's office did not obtain the best price for those items.

Two Vans

During February 1995, the sheriff's office purchased, without benefit of bid, a 1994 Dodge van for \$19,448 to be used for transportation of inmates at MPCC in Collinston. Sheriff Carroll stated that his office was unaware that the Department of Corrections would not transport inmates for the facility in Collinston, so he declared an emergency and purchased this van without advertising for bids. During February 1996, the Dodge van was wrecked. Sheriff Carroll informed us that he declared an emergency and purchased a 1995 Ford van for \$18,815 as a replacement without advertising for bids.

An emergency is defined by the Public Bid Law as an unforeseen mischance bringing with it destruction, injury of life or property, or imminent threat of destruction or injury of life or property, where such mischance will not allow for a delay caused by the advertisement for bid. The sheriff's office owns numerous vehicles that are capable of transporting inmates; therefore, the purchases of these two vans do not appear to qualify as emergencies.

Patrol Car

In February 1992, the sheriff's office entered into a three year lease-purchase agreement for a 1992 Chevrolet Caprice without taking bids. This agreement called for a \$1,500 deposit, monthly payments of \$360, and a final payment of \$10,000. The total cost of this car over the three years was \$24,540. Though the nature of obtaining the car was a lease-purchase contract, ultimately, the sheriff became the owner of the vehicle. Therefore, the purchase should have been let for bid in accordance with state law.

LSA-R.S. 39:1439.66(A) provides, in part, that no parish municipality, public board, political or public corporation, subdivision, or taxing district created under or by

constitution and laws of the state shall have authority to borrow money, incur debt, or issue bonds, or other evidences of debt without the consent and approval of the State Bond Commission. By entering into a lease-purchase agreement for a period of three years, the sheriff's department incurred debt. We found the sheriff's department did not obtain State Bond Commission approval to incur this debt.

Tractor

During March and April 1995, the sheriff's office purchased a tractor and box blade for \$20,000. The sheriff's office obtained two quotes for this tractor but did not properly advertise for bids as required by state law.

Gun Equipment

In May 1995, the sheriff's office entered into an agreement to purchase gun equipment for use by its deputies. The total purchase price of this equipment was \$10,000. This \$10,000 was comprised of three monthly payments of \$300 each and a final payment of \$8,500. The purchase of this equipment was not advertised for bids as required by law.

The sheriff's office should establish procedures to provide assurance that all purchases are made in accordance with all applicable laws.

Attachment I
Management's Responses



Bob Carter

Sheriff and Ex-officio Tax Collector
Bourbonnais Parish
Office Phone (504) 281-4341
Cottrellville Place, Baton Rouge, Louisiana 70820
December 5, 1996

BOBBY OWENS
Chief Deputy

BOBBY HIGGENT
Chief Civil Deputy

CLAUDE W. BARTH
Administrator Assistant

Dr. Daniel G. Kyle
Office of Legislative Auditor
State of Louisiana
P.O. Box 94387
Baton Rouge, Louisiana 70804-8387

Dear Dr. Kyle:

I am in receipt of your office's draft preliminary Report of the audit of the Bourbonnais Parish Sheriff's Office under the administration of former Sheriff Frank J. Carroll. You have asked me to respond to your findings, conclusions and recommendations. Please consider this letter my official response to your Report.

My response to your findings and conclusions is that since your audit addresses conduct and actions which occurred prior to my taking office, I have no information to dispute the factual findings or allegations contained in the Report and cannot comment on the Agency thereof. Nevertheless, please be advised that I stand ready to fully cooperate with your office, the District Attorney and the United States Attorney, in any investigation that may result from your findings.

With respect to your admissions that the operations of the Sheriff's Office be conducted in accordance with all appropriate laws and regulations, I must reiterate that, because these admissions are based on criticisms of decisions and actions of the former Sheriff, they should not be directed to my administration, which commenced on July 1, 1996. I am and always have been committed to conducting the operations of my office in compliance with all applicable laws, regulations, and requirements.

Upon assuming office in July, 1996, I instituted policies and procedures that are designed to ensure compliance with all governing laws and regulations, including, but not limited to, those referenced in your report.

Nevertheless, as previously stated, you may expect full cooperation from my office with respect to any investigation of the matters raised by your Report with respect to the operations of the prior Sheriff.

Sincerely,

Sheriff Bob Carter

BC/ha
cc: Kyle

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Attachment II
Legal Provisions

Legal Provisions

The following legal Provisions are referred to in the Findings and Recommendations section of this report:

LSA-R.S. 14:124 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.

LSA-R.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.

LSA-R.S. 14:139.1 provides, in part, that during the six months preceding a gubernatorial election and during the time interval between the gubernatorial election and the first day of July following the election, it shall be unlawful for any sheriff to (1) increase the number of deputies or employees in his office by more than 5% over the average employee number for each of the first six months of the twelve months preceding the election, or (2) increase the payroll or other operating expenses of his office more than 15% over its average amount of expenditures for each of the months of the first six months of the twelve months preceding the gubernatorial election.

LSA-R.S. 38:2212(A)(1)(a) provides, in pertinent part, that all public work exceeding the contract limit to be done by a public entity shall be advertised and let by contract to the lowest responsible bidder who had bid according to the contract, plans, and specifications as advertised, and no such public work shall be done except as provided in this Part.

LSA-R.S. 38:2212 (A)(3) provides that sheriffs and other political subdivisions which operate jails in the various parishes of the state shall be required to purchase food wholesale at the lowest prices quoted for quality products or at prices no greater than the wholesale rate for the same item.

LSA-R.S. 38:4116(A) provides, in part, that no parish municipality, public board, political or public corporation, subdivision, or taxing district created under or by constitution and laws of

the state shall have authority to borrow money, incur debt, or issue bonds, or other evidences of debt without the consent and approval of the State Bond Commission.

LSA-R.S. 42:1481(A) provides that officials, whether elected or appointed and whether compensated or not, and employees of any "public entity," which, for purposes of this Section shall mean and include any department, division, office, board, agency, commission, or other organizational unit of any of the three branches of state government or of any parish, municipality, school board or district, court of limited jurisdiction, or other political subdivision or district, or the office of any sheriff, district attorney, coroner, or clerk of court, by the act of accepting such office or employment assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other things of value belonging to or under the custody or control of the public entity in which they hold office or are employed. The breach of an obligation of any such funds gives rise to an action in favor of the public entity for the recovery of any such funds, property, or other things of value and for any other damages resulting from the breach.

Article 7, Section 14 of the Louisiana Constitution provides 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.

18 U.S.C. 371, "Conspiracy to commit offense or to defraud United States" states that if two or more persons conspire either to commit any offense against the United States, or to defraud the United States, or any agency thereof in any manner or for any purpose, and one or more of such persons do any act to effect the object of the conspiracy, each shall be fined under this title or imprisoned not more than five years, or both.

18 U.S.C. 1004, "Loan and credit applications" states, in part, that whoever knowingly makes any false statement or report for the purpose of influencing in any way the action of the Farmers' Home Corporation, the Secretary of Agriculture acting through the Farmers' Home Administration, the Rural Development Administration, or any division, office, or employee thereof, upon any application, loan, or on any change or extension of the same, shall be fined not more than \$1,000,000 or imprisoned not more than 30 years, or both.

18 U.S.C. 1341, "Mail Fraud" provides, in part, that mail fraud is having devised or intended to devise any scheme to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises for the purpose of receiving such scheme or attempting or to do, places in any post office or authorized depository for mail matter, any matter or thing whatsoever to be sent or delivered by the Postal Service, or takes or received therefrom, any such matter or thing, or knowingly causes to be delivered by mail according to the direction thereon.

18 U.S.C. 1344(2), "Bank Fraud" states, in part, that whoever knowingly executes, or attempts to execute, a scheme or artifice to obtain any of the moneys, funds, credits, assets,

securities, or other property owned by, or under the custody or control of, a financial institution, by means of false or fraudulent pretenses, representations, or promises, shall be fined not more than \$1,000,000 or imprisoned not more than 30 years, or both.