

ST. BERNARD RECREATION COMPLEX, INC.



INVESTIGATIVE AUDIT
JUNE 3, 2015

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

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

DIRECTOR OF INVESTIGATIVE AUDIT
ROGER W. HARRIS, J.D., CCEP

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 is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and at the office of the parish clerk of court.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Nine copies of this public document were produced at an approximate cost of \$13.50. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 2534 or Report ID No. 50140027 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

June 3, 2015

**THE HONORABLE DAVID PERALTA,
PARISH PRESIDENT,
AND MEMBERS OF THE
ST. BERNARD PARISH COUNCIL**
Chalmette, Louisiana

We have audited certain transactions of St. Bernard Parish Government and St. Bernard Recreation Complex, Inc. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the validity of allegations we received.

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*.

The accompanying report presents our findings and recommendations as well as management's response. This is a public report. Copies of this report have been delivered to the District Attorney for the 34th Judicial District of Louisiana, Attorney General for the State of Louisiana, the United States Attorney for the Eastern District of Louisiana, and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/aa

ST BERNARD RCI 2015

TABLE OF CONTENTS

	Page
Executive Summary	2
Background and Methodology.....	3
Findings and Recommendations:	
Collections Not Deposited To Parish Account	4
Improperly Authorized Checks.....	5
Missing Cash.....	8
Noncompliance with Audit Law	8
Recommendations.....	9
Attachment 1	11
Attachment 2.....	16
Legal Provisions.....	17
Management’s Response	Appendix A
Rachel Turnage’s Response.....	Appendix B

EXECUTIVE SUMMARY

Collections Not Deposited to Parish Account

One hundred sixty-eight checks, totaling \$39,239, payable to St. Bernard Parish Government or St. Bernard Recreation Complex, Inc. (RCI) were deposited into the personal bank account of RCI's former office manager, Ms. Rachel Turnage, between April 2012 and June 2014. Because these 168 checks were payable to someone other than Ms. Turnage but were deposited into Ms. Turnage's personal bank account, she may have violated state and federal laws.

Improperly Authorized Checks

Eight unearned and unauthorized checks from RCI's bank account payable to Ms. Turnage or the St. Bernard Hurricanes, totaling \$19,000, were cashed or deposited into Ms. Turnage's personal bank accounts between August and December 2013. The accounting records for these eight checks were altered or deleted by someone using Ms. Turnage's username from the accounting system. Since Ms. Turnage received eight payments totaling \$19,000 from RCI that were unearned, unauthorized, created using an electronic signature without authorization, and the accounting records were altered or deleted using Ms. Turnage's username, Ms. Turnage may have violated state and federal law.

Missing Cash

From January 2012 to July 2014, \$22,503 in cash was collected by RCI but not deposited into St. Bernard Parish Government's bank account. For the same period, \$26,892 in cash was deposited to Ms. Turnage and her husband's bank accounts.

Noncompliance with Audit Law

RCI did not obtain the required audit of its financial records for the 2012, 2013, and 2014 fiscal years, nor did it make timely deposits, which may violate state law. In addition, RCI did not maintain adequate records in accordance with state law.

BACKGROUND AND METHODOLOGY

The Val Reiss^A and Hannan^B recreation facilities were operated by St. Bernard Recreation Complex, Inc. (RCI) and St. Bernard Parish Government (Parish) during our audit period (March 2012 through October 2014). According to the Louisiana Secretary of State's website, RCI filed an Affidavit to Dissolve on December 19, 2014, and is no longer an active corporation.

RCI was created as a Louisiana non-profit corporation on March 17, 2011, and subsequently used to manage the operations of Parish recreation facilities. RCI had a director and a five-member board. Board members were the Parish President, Parish Finance Director, Parish Director of Recreation, a Parish council member, and a resident of St. Bernard Parish. Some RCI full-time workers were also Parish employees.

RCI rented the Val Reiss and Hannan facilities to the public for sporting events, fairs and festivals, weddings, parties, and meetings. It also generated revenue by operating concession stands and selling alcohol at certain events. Parish employees reviewing registration records found discrepancies between checks collected and deposited and contacted the Louisiana Legislative Auditor.

The procedures performed during this audit included:

- (1) interviewing certain Parish and RCI employees;
- (2) interviewing other persons as appropriate;
- (3) examining selected documents and records; and
- (4) reviewing applicable state and federal laws and regulations.

^A Owned by St. Bernard Parish Government

^B Leased by St. Bernard Parish Government

FINDINGS AND RECOMMENDATIONS

Collections Not Deposited to Parish Account

One hundred sixty-eight checks, totaling \$39,239, payable to the St. Bernard Parish Government (Parish) or St. Bernard Recreation Complex, Inc. (RCI) were deposited into the personal bank account of RCI's former office manager, Ms. Rachel Turnage, between April 2012 and June 2014. Because these 168 checks were payable to someone other than Ms. Turnage but were deposited into Ms. Turnage's personal bank account, she may have violated state and federal laws.^{1,2,3,4,5,6}

Ms. Turnage was hired by the Parish as the adult league coordinator in September 2010 and became office manager after the formation of RCI. As the St. Bernard Recreation Department's (SBRD) office manager, Ms. Turnage was responsible for RCI's day-to-day financial operations, including taking deposits to the bank, entering payments to the accounting system, and printing checks, until her employment ended in August 2014.

Parish Checks Deposited Into Personal Account

RCI hosts several different sports leagues for adults.^C SBRD hosts sports leagues for children.^D The participants in both the children's and adult leagues pay registration fees. RCI also rents the Parish's fields for baseball and softball practices and tournaments. Children's league registration fees can be paid by check, cash, or credit card at the SBRD office or on a website with a credit card. These fees are to be deposited into the Parish's general fund account. Adult league registration fees and field rental fees can be paid by check, cash, or credit card at the RCI office and are deposited into the RCI bank account.

Ms. Turnage and another Parish employee were responsible for collecting payments for RCI and the Parish; Ms. Turnage was responsible for preparing the deposits. According to Parks and Recreation Director Craig DeHarde, whoever was available would make the bank deposits. He also stated that Ms. Turnage would receive, review, and reconcile the bank statements to RCI's accounting records. Ms. Turnage also entered all financial information into RCI's accounting software and used the accounting software to create checks for concession stand employees and vendors. Mr. DeHarde said that he has a copy of the accounting software on his computer, but Ms. Turnage had the master copy on her computer. He stated that he never reviewed, approved, or reconciled bank statements, and seldom reviewed Ms. Turnage's work.

According to Mr. DeHarde, Ms. Turnage and her husband coached the St. Bernard Hurricanes, an all-star team^E sponsored by the Parish and RCI. Mr. DeHarde was not aware if Ms. Turnage or her husband had a traveling team other than the Hurricanes. The St. Bernard Hurricanes is not registered with the Secretary of State's business filings.

^C Adult leagues include softball and cabbage ball.

^D Children's leagues include baseball, softball, football, and basketball.

^E The all-star teams included basketball, baseball, and softball.

Mr. DeHarde stated that the Parish and RCI provides all-star teams with jerseys, hats, and the entrance fees for up to six tournaments. The Parish and RCI also paid for entrance fees and travel costs if an all-star team made it to national level tournaments; an all-star team had to provide anything else it needed to play in tournaments. He stated that the all-star teams would typically hold fundraisers and accept donations to offset the costs of participating in tournaments.

According to Ms. Turnage's bank records, 168 checks written to the Parish or RCI, totaling \$39,239, were deposited into Ms. Turnage's personal bank account from April 2012 to June 2014. We also noticed that \$9,531 in cash and an additional \$29,406 in checks payable to someone other than Ms. Turnage, the Parish, or RCI were deposited into Ms. Turnage's bank account during the same time period:

- 122 checks written to the St. Bernard Hurricanes, totaling \$14,443;
- 49 checks written to cash or the payee was blank, totaling \$4,593;
- 14 checks written to the St. Bernard All Stars, totaling \$2,184;
- 4 checks written to three people and a business that were not Ms. Turnage, totaling \$186;
- 3 checks from RCI written to Ms. Turnage and the St. Bernard Hurricanes (discussed in the next finding), totaling \$8,000; and
- \$9,531 in cash.

Ms. Turnage's bank account included some payments for sports and travel-related expenses; however, there are also personal expenses, such as home mortgage payments and credit card payments. There were also nine transfers, totaling \$7,428, from Ms. Turnage's bank account to a bank account held by Ms. Turnage and her husband. We contacted Ms. Turnage's attorney to discuss the checks deposited to Ms. Turnage's personal account, but her attorney refused our request to interview her. Ms. Turnage may have violated state and federal law^{1,2,3,4,5,6} by depositing checks written to the Parish or RCI into her personal bank account.

Improperly Authorized Checks

Eight unearned and unauthorized checks from RCI's bank account payable to Ms. Turnage or the St. Bernard Hurricanes, totaling \$19,000, were cashed or deposited into Ms. Turnage's personal bank accounts between August and December 2013. The accounting records for these eight checks were altered or deleted by someone using Ms. Turnage's username from the accounting system. Since Ms. Turnage received eight payments totaling \$19,000 from RCI that were unearned, unauthorized, created using an electronic signature without authorization, and the accounting records were altered or deleted using Ms. Turnage's username, Ms. Turnage may have violated state and federal law.^{1,2,3,4,5,6,7,8,9,10}

Ms. Turnage was in charge of all of RCI's day-to-day financial operations, including entering payments to the accounting system and printing the checks. Mr. Deharde, Parish Finance Director Ross Gonzales, and SBRD Program Director Kirk Carlin were the only authorized signatories on the RCI bank account. Mr. Deharde said they did not have signature stamps or electronic signatures; they personally signed all checks.

Checks to Ms. Turnage and the Hurricanes

We found eight checks from the RCI bank account, seven payable to Ms. Turnage, totaling \$16,000, and one payable to the St. Bernard Hurricanes for \$3,000, from August to December 2013. Three of the eight checks were deposited into Ms. Turnage's personal bank account. The remaining five checks payable to Ms. Turnage were endorsed with Ms. Turnage's signature along with Ms. Turnage and her husband's bank account number but were not deposited into that bank account.

According to Ms. Turnage's bank records, she paid personal expenses within days of depositing each of the three checks. In all three cases, she would have been overdrawn had it not been for the \$8,000 from RCI's bank account deposited to her personal bank account. The three deposits and her bank account balance are discussed below:

- On August 9, 2013, a \$3,000 check drawn on RCI and payable to Ms. Turnage was deposited into Ms. Turnage's personal bank account. Without this \$3,000 deposit, Ms. Turnage's account would have been short \$851.58 to cover items charged against her account on August 14, 2013.
- On August 14, 2013, a \$2,000 check drawn on RCI and payable to Ms. Turnage was deposited into Ms. Turnage's personal bank account. As mentioned in the previous bullet, Ms. Turnage's account would have been short by \$851.58 on August 14, 2013. Without this \$2,000 deposit, Ms. Turnage's account would have been short \$3,093.66 to cover additional items charged against her account on August 14, 2013.
- On December 16, 2013, a \$3,000 check drawn on RCI and payable to St. Bernard Hurricanes was deposited into Ms. Turnage's personal bank account. Without this \$3,000 deposit, Ms. Turnage's account would have been short \$2,966.68 to cover items charged against her account on December 18, 2013.

Attachment 1 shows these deposits and expenses.

Although Mr. Deharde and Mr. Carlin's signatures authorized all eight checks, they both stated that they never authorized these payments and did not sign the checks. Mr. Carlin stated that he looks at every check he signs and would have noticed and raised questions about these payments because of the amount of the checks and who they were written to.

Mr. Deharde stated that there was no reason for Ms. Turnage or the Hurricanes to receive these checks. There were no invoices or travel records from Ms. Turnage to explain why these payments were made. Mr. Deharde also noticed legitimate payments to vendors that he did not

sign, but his and Mr. Carlin's signatures were on the checks. We reviewed the Parish computer Ms. Turnage used and found an imaged copy of the signature section of an RCI check that included Mr. Deharde's and Mr. Carlin's signatures.

According to RCI accounting records, the eight checks payable to Ms. Turnage and the St. Bernard Hurricanes were originally entered to the accounting system as payments to Ms. Turnage and the St. Bernard Hurricanes. However, accounting records show the payee on six of the seven checks written to Ms. Turnage were changed after the checks were printed to a different payee (an existing vendor), and all eight checks were deleted in the accounting system as illustrated in Attachment 2. The audit log in the accounting system also shows Ms. Turnage's username entered the eight payments to herself and the St. Bernard Hurricanes into the accounting system.

In addition, Parish time sheets show that Ms. Turnage was at work on the dates and times her username made the changes within the accounting system. We contacted Ms. Turnage's attorney to discuss the checks to Ms. Turnage and the St. Bernard Hurricanes that were deposited to Ms. Turnage's personal account, but her attorney refused our request to interview her.

Since Ms. Turnage received eight payments, totaling \$19,000, from RCI that were unearned and unauthorized, she may have violated state and federal law.^{1,2,3,4,5,6} Further, Ms. Turnage may have violated state law^{7,8,9} by creating and using electronic signatures without authorization to complete checks. Finally, Ms. Turnage may have violated state law^{9,10} by improperly changing the payee of checks and subsequently deleting the payments to herself and the St. Bernard Hurricanes.

Checks to Amanda Bray

In April and May of 2014, five checks totaling \$1,380 were issued to Amanda Bray. Mr. DeHarde stated he does not know Amanda Bray and did not authorize these checks. Accounting records show that the checks to Ms. Bray were classified as "concession expense: concession worker." The accounting records also show that Ms. Turnage's username created the checks; however, RCI had no time sheets or other evidence that Ms. Bray did any work for these payments. Both the former and current concession stand managers do not know Amanda Bray. However, Ms. Turnage and Ms. Bray may be related since they share the same maiden name and both appear to have used the same address in the past.

Ms. Turnage may have violated state law^{1,3,4} by issuing checks to someone who did not perform any work for RCI. Further, Ms. Turnage may have violated state law^{7,8,9} by using unauthorized electronic signatures to sign these checks.

Missing Cash

From January 2012 to July 2014, \$22,503 in cash was collected by RCI but not deposited into the Parish's bank account. For the same period, \$26,892 in cash was deposited to Ms. Turnage and her husband's bank accounts.

SBRD collects registration fees for children's leagues and deposits them to the Parish's bank account. According to SBRD's accounting records, \$42,630 in cash was collected from January 2012 to July 2014 and should have been deposited into the Parish's bank account. However, Parish bank records show \$20,127 was deposited, leaving \$22,503 in cash that was not deposited. Ms. Turnage and her husband's personal bank records for these dates show 21 cash deposits totaling \$26,892 to her and her husband's personal bank accounts in excess of her normal paycheck. We contacted Ms. Turnage's attorney to discuss the cash deposits to Ms. Turnage's personal account, but her attorney refused our request to interview her.

Noncompliance with Audit Law

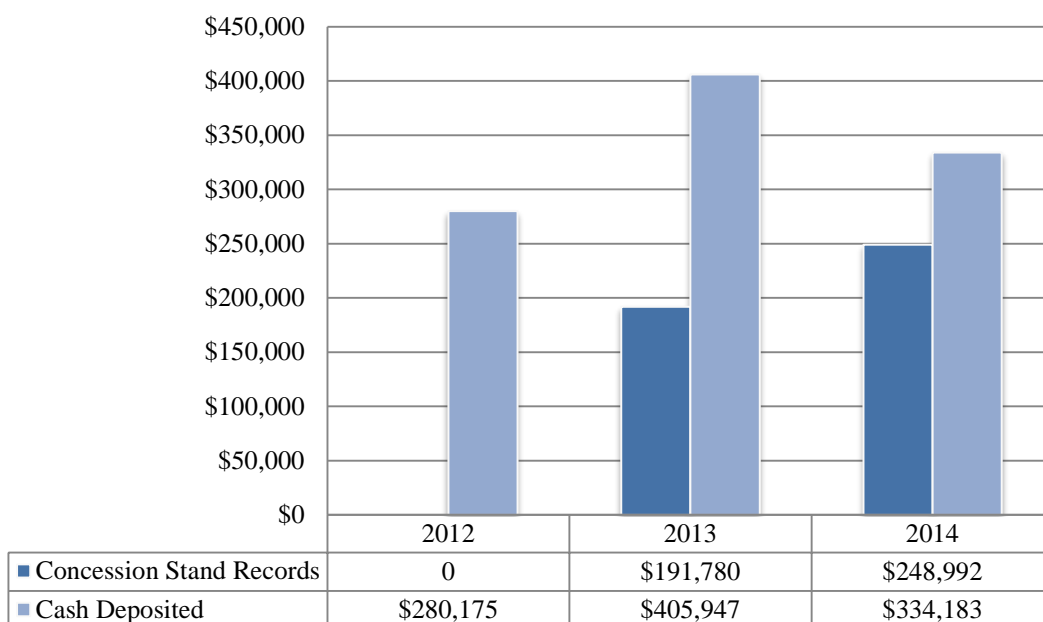
RCI did not obtain the required audit of its financial records for the 2012, 2013, and 2014 fiscal years, nor did it make timely deposits, which may violate state law.^{11,12} In addition, RCI did not maintain adequate records in accordance with state law.¹³

State law¹¹ requires recipients of public funds totaling \$200,000 or more to have their accounting records reviewed or audited and the report filed with the Louisiana Legislative Auditor. Since the recreation facilities are Parish-owned and are operated by Parish employees through RCI, the operations of RCI are subject to the requirements of state audit law.¹¹ RCI's bank records do not include any payments to an accountant or auditor, and RCI did not submit any audit reports to the LLA. According to RCI's bank records, the deposits for 2012, 2013, and 2014 were \$355,728; \$501,326; and \$433,036, respectively. Since RCI's revenues exceeded the amount for a review or audit, but it did not obtain the required review or audit, it failed to comply with state law.¹¹

During the course of our audit, we also noted the following:

- Concession stands at RCI collect substantially all cash, but collection records were illegible, incomplete, or missing from 2012 to 2014. By not maintaining complete and accurate records, RCI may be in violation of state law.¹³ From 2012 to 2014, cash deposits exceeded cash collected from concession sales, which indicates missing records as illustrated in the following chart:

Concession Stand Cash Sales Records Compared to Bank Deposits



- Concession stand managers collected cash from the concession stands at the end of events and kept the money at their homes for several days before bringing the cash to the RCI office once a week. Since RCI did not make daily deposits, it may have violated state law.¹²
- RCI did not keep any inventory records of the concession stand inventory, such as food and beverages, and did not reconcile concession sales to deposits.

Recommendations

We recommend that St. Bernard Parish Government:

- (1) seek legal counsel regarding recovery of missing funds;
- (2) ensure adequate records are maintained regarding collections and deposits;
- (3) set up a proper segregation of duties such as:
 - a. different employees performing accounting procedures and preparing checks;
 - b. different employees preparing the deposit slips, making the deposits, and entering the deposit into the accounting system; and

- c. management's review of bank statements and reconciliations for accuracy and completeness.
- (4) implement a chain of custody system for cash collected at concession stands;
- (5) implement an inventory system for the concession stands;
- (6) ensure management reviews financial information to ensure accuracy and completeness;
- (7) institute and enforce policies and procedures regarding collections and deposits to ensure all collections are deposited;
- (8) comply with public records laws regarding retention of records;
- (9) obtain the proper audits in accordance with state law; and
- (10) ensure deposits are made timely.

Attachment 1



GULF COAST BANK & Trust Company

200 St. Charles Ave. • New Orleans, LA 70130
Return Service Requested

041 00005 01
ACCOUNT: [REDACTED]
DOCUMENTS: 0

PAGE: 1
01/03/2014

RACHEL A TURNAGE
[REDACTED]

<T> 05
0
0

=====

CIVIC CENTER
8216 W. JUDGE PEREZ DR.
CHALMETTE LA 70043

TELEPHONE: 504-561-1300

=====

EASY CHECKING ACCOUNT [REDACTED]

=====

LAST STATEMENT 12/05/13 68.59
2 CREDITS 12,830.00
26 DEBITS 9,669.81
THIS STATEMENT 01/03/14 3,228.78

----- DEPOSITS -----

REF #	TRACE #	DATE	AMOUNT	REF #	TRACE #	DATE	AMOUNT
000005951062		12/16	3,000.00	000005060351		12/19	9,830.00

----- OTHER DEBITS -----

DESCRIPTION	DATE	AMOUNT
POS 12/08/13 23:30 4653 APL*APPLE ITUNEAPL*APPLE	12/09	2.17
866-712-7753 CA		
POS 12/10/13 18:23 4653 APL*APPLE ITUNEAPL*APPLE	12/11	21.79
866-712-7753 CA		
POS 12/12/13 18:32 4653 APL*APPLE ITUNEAPL*APPLE	12/13	21.79
866-712-7753 CA		
CAPITAL ONE ONLINE PMT [REDACTED]	12/18	250.00
CAPITAL ONE ONLINE PMT [REDACTED]	12/18	555.16
CAPITAL ONE ONLINE PMT [REDACTED]	12/18	657.21
WF HOME MTG AUTO PAY [REDACTED]	12/18	937.20
POS 12/18/13 23:28 4653 IBI*TRISENSA.COIBI*TRISEN	12/19	89.95
866-2562429 CA		
POS 12/18/13 23:28 4653 SMI AWARDS LLC SMI AWARDS SHARON MA	12/19	500.00
POS 12/19/13 23:50 4653 SMI AWARDS LLC SMI AWARDS SHARON MA	12/20	500.00
026771 Internet Transfer To Acct [REDACTED] On 12/20/13	12/20	1,000.00
RETURNED DEPOSIT ITEM CHARGE	12/23	10.00
RETURNED DEPOSIT ITEMS	12/23	155.00
ATM 12/23/13 08:25 4653 1801 E JUDGE PEREZ DR CHALMETTE LA	12/23	200.00

*** CONTINUED ***

[illegible]

DDA Credits - 12/16/2013

[illegible]

DDA Debits - 12/16/2013


**GULF COAST BANK
& Trust Company**

200 St. Charles Ave. • New Orleans, LA 70130
Return Service Requested

041 00005 01
ACCOUNT:
DOCUMENTS:

PAGE: 1
09/05/2013

RACHEL A TURNAGE

<T> 05
0
0

=====

CIVIC CENTER
8216 W. JUDGE PEREZ DR.
CHALMETTE LA 70043

TELEPHONE: 504-561-1300

=====

EASY CHECKING ACCOUNT

=====

LAST STATEMENT 08/05/13 236.21
3 CREDITS 5,230.00
27 DEBITS 5,460.81
THIS STATEMENT 09/05/13 5.40

- - - - - DEPOSITS - - - - -

REF #	TRACE #	DATE	AMOUNT	REF #	TRACE #	DATE	AMOUNT
000003374056		08/09	3,000.00	000005438505		08/14	2,000.00

- - - - - OTHER CREDITS - - - - -

DESCRIPTION	DATE	AMOUNT
021494 Internet Transfer From Acct On 8/15/13	08/15	230.00

- - - - - OTHER DEBITS - - - - -

DESCRIPTION	DATE	AMOUNT
POS 08/07/13 05:48 4653 APL*APPLE ITUNEAPL*APPLE	08/07	1.08
866-712-7753 CA		
POS 08/06/13 20:08 4653 PAYPAL *GEAUXPRPAYPAL *GE	08/07	64.26
4029357733 CA		
POS 08/07/13 19:36 4653 TRANSCRIPTS ON TRANSCRIPT	08/08	7.25
800-7367319 OH		
POS 08/13/13 18:56 4653 GENESIS PURE GENESIS PU	08/14	39.00
801-871-2588 UT		
POS 08/13/13 19:07 4653 GENESIS PURE GENESIS PU	08/14	39.00
801-871-2588 UT		
WF HOME MTG AUTO PAY	08/14	937.20
POS 08/14/13 18:37 4653 GENESIS PURE GENESIS PU	08/15	2,242.08
801-871-2588 UT		
POS 08/17/13 05:50 4653 MERAUX TACKLE BMERAUX TAC MERAUX LA	08/19	73.02

*** C O N T I N U E D ***

GULF COAST BANK DEPOSIT CASH

Date: 8/9/13

Name: Rachel Turage

Address: [REDACTED]

Account: [REDACTED]

Sub Total: 3000.00

Less Cash Received: [REDACTED]

Net Deposit: 3000.00

009

[REDACTED]

DDA Credits - 8/9/2013

St. Bernard Parish
Recreation Complex Inc.
4201 W. Azalea Place Drive
Chalmette, LA 70443

GULF COAST BANK AND TRUST CO
Bilal, LA
745070100

3385

8/9/2013

Pay to the order of: Rachel Turage

Three Thousand and 00/100

\$ 3,000.00

MEMO: [REDACTED]

Signature: [REDACTED]

DDA Credits - 8/9/2013

[REDACTED]

DDA Debits - 8/9/2013

[REDACTED]

DDA Debits - 8/9/2013

GULF COAST BANK DEPOSIT

Date: 8/14/13

Name: Rachel Turnage

Address: [REDACTED]

Account Number: [REDACTED]

Check Number: 3394

Amount: 2000.00

LESS CASH RECEIVED

NET DEPOSIT: 2000.00

3394

[REDACTED]

DDA Credits - 8/14/2013

DDA Credits - 8/14/2013

St. Bernard Parish
Recreation Complex Inc.
8701 W. Joseph Pines Drive
Chauvin, LA 70349

GULF COAST BANK AND TRUST CO
Chauvin, LA
14 AUG 2013

3394

DATE: 8/14/2013

PAY TO THE ORDER OF: Rachel Turnage

\$ 2,000.00

Two Thousand and 00/100

Signature: [REDACTED]

[REDACTED]

GULF COAST BK and Tr #005

[REDACTED]

DDA Debits - 8/14/2013

DDA Debits - 8/14/2013

[REDACTED]

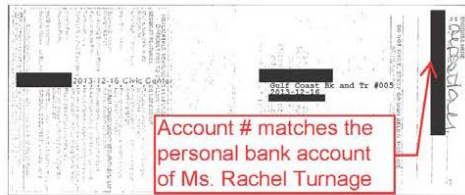
Attachment 2

Rec. Inc. Quickbooks Report		St Bernard Recreation Complex Inc Audit Trail Entered/Last Modified								
Num	Entered/Last Modified	Last modified by	State	Date	Name	Memo	Account	Split	Debit	Credit
Check 3429	10/10/2013 09:19:58	rtumage	Deleted						0.00	
3429	09/04/2013 10:33:37	rtumage	Prior	08/28/2013	Progressive Wa...		St Bernard Recreatio...	Field Maintena...		3,000.00
					Progressive Wa...		Field Maintenance	St Bernard Rec...	3,000.00	
3429	08/28/2013 09:12:16	rtumage	Prior	08/28/2013	Rachel Turnage		St Bernard Recreatio...	Field Maintena...		3,000.00
					Rachel Turnage		Field Maintenance	St Bernard Rec...	3,000.00	



Account # matches the
personal bank account
of Ms. Rachel Turnage

Rec. Inc. Quickbooks Report		St Bernard Recreation Complex Inc Audit Trail Entered/Last Modified								
Num	Entered/Last Modified	Last modified by	State	Date	Name	Memo	Account	Split	Debit	Credit
Check 3716	12/09/2013 14:11:03	rtumage	Deleted						0.00	
3716	12/09/2013 14:06:50	rtumage	Prior	12/09/2013	St. Bernard Hurricanes		St Bernard Recreatio...	Donations		3,000.00
					St. Bernard Hurricanes		Donations	St Bernard Rec...	3,000.00	



Account # matches the
personal bank account
of Ms. Rachel Turnage

LEGAL PROVISIONS

¹ **Louisiana Revised Statute (La. R.S.) 14:67 (A)** provides 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. An intent to deprive the other permanently of whatever may be the subject of the misappropriation or taking is essential.”

² **La. R.S. 14:230 (B)** provides that “It is unlawful for any person knowingly to do any of the following: (1) Conduct, supervise, or facilitate a financial transaction involving proceeds known to be derived from criminal activity, when the transaction is designed in whole or in part to conceal or disguise the nature, location, source, ownership, or the control of proceeds known to be derived from such violation or to avoid a transaction reporting requirement under state or federal law. (2) Give, sell, transfer, trade, invest, conceal, transport, maintain an interest in, or otherwise make available anything of value known to be for the purpose of committing or furthering the commission of any criminal activity. (3) Direct, plan, organize, initiate, finance, manage, supervise, or facilitate the transportation or transfer of proceeds known to be derived from any violation of criminal activity. (4) Receive or acquire proceeds derived from any violation of criminal activity, or knowingly or intentionally engage in any transaction that the person knows involves proceeds from any such violations. (5) Acquire or maintain an interest in, receive, conceal, possess, transfer, or transport the proceeds of criminal activity. (6) Invest, expend, or receive, or offer to invest, expend, or receive, the proceeds of criminal activity.”

³ **La. R.S. 42:1461 (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 thing of value belonging to or under the custody or control of the public entity in which they hold office or are employed.”

⁴ **La. R.S. 14:134 (A)** provides 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; or (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.”

⁵ **18 United States Code Annotated (U.S.C.A.) §666** states, in part, “Whoever, if the circumstance described in subsection (b) of this section exists – (1) being an agent of an organization, or of a State, local, or Indian tribal government, or any agency thereof – (A) embezzles, steals, obtains by fraud, or otherwise without authority knowingly converts to the use of any person other than the rightful owner or intentionally misapplies, property that– (i) is valued at \$5,000 or more, and (ii) is owned by, or is under the care, custody, or control of such organization, government, or agency; or... shall be fined under this title, imprisoned not more than 10 years, or both. (b) The circumstances referred to in subsection (a) of this section is that the organization, government, or agency receives, in any one year period, benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance, or other form of Federal assistance....”

⁶ **18 U.S.C.A. § 1956** states, in part, “(a)(1) Whoever, knowing that the property involved in a financial transaction represents the proceeds of some form of unlawful activity, conducts or attempts to conduct such a financial transaction represents the proceeds of some form of unlawful activity, conducts or attempts to conduct such a financial transaction which in fact involves the proceeds of specified unlawful activity– (A)(i) with the intent to promote the carrying on of specified unlawful activity; or ... (B) knowing that the transaction is designed in whole or in part– (i) to conceal or disguise the nature, the location, the source, the ownership, or the control of the proceeds of specified unlawful activity....”

⁷ **La. R.S. 14:72** provides that “A. It shall be unlawful to forge, with intent to defraud, any signature to, or any part of, any writing purporting to have legal efficacy. B. Issuing, transferring, or possessing with intent to defraud, a forged writing, known by the offender to be a forged writing, shall also constitute a violation of the provisions of this Section. C. For purposes of this Section: (1) ‘Forge’ means the following: (a) To alter, make, complete, execute, or authenticate any writing so that it purports: (i) To be the act of another who did not authorize that act; (ii) To have been executed at a time or place or in a numbered sequence other than was in fact the case; or (iii) To be a copy of an original when no such original existed. (b) To issue, transfer, register the transfer of, pass, publish, or otherwise utter a writing that is forged in accordance with the meaning of Subparagraph (1)(a). (c) To possess a writing that is forged within the meaning of Subparagraph (1)(a). (2) “Writing” means the following: (a) Printing or any other method of recording information; (b) Money, coins, tokens, stamps, seals, credit cards, badges, and trademarks; and (c) Symbols of value, right, privilege, or identification.”

⁸ **La. R.S. 14:72.2 (A)** provides that “Whoever makes, issues, possesses, sells, or otherwise transfers a counterfeit or forged monetary instrument of the United States, a state, or a political subdivision thereof, or of an organization, with intent to deceive another person, shall be fined not more than one million dollars but not less than five thousand dollars or imprisoned, with or without hard labor, for not more than ten years but not less than six months, or both.”

⁹ **La. R.S. 14:73.7 (A)(3)** provides, in part, “Computer tampering is the intentional commission of any of the actions enumerated in this Subsection when that action is taken knowingly and without the authorization of the owner of a computer:.... Damaging or destroying a computer, or altering, deleting, or removing any program or data contained within a computer, or eliminating or reducing the ability of the owner of the computer to access or utilize the computer or any program or data contained within the computer.”

¹⁰ **La. R.S. 14:132 (B)** provides that “Second degree injuring public records is the intentional removal, mutilation, destruction, alteration, falsification, or concealment of any record, document, or other thing, defined as a public record pursuant to R.S. 44:1 et seq. and required to be preserved in any public office or by any person or public officer pursuant to R.S. 44:36.”

¹¹ **La. R.S. 24:513 (J)** provides, in part, “(iii) Any local auditee that receives two hundred thousand dollars or more in revenues and other sources in any one fiscal year, but less than five hundred thousand dollars, shall cause to be conducted an annual review of its financial statements to be accompanied by an attestation report in accordance with the Louisiana Governmental Audit Guide. However, the legislative auditor, at his discretion, may require said local auditee to have an audit of its books and accounts. (iv) Any local auditee that receives five hundred thousand dollars or more in revenues and other sources in any one fiscal year shall be audited annually.”

¹² **La. R.S. 39:1211** provides that “The term, ‘local depositing authorities,’ includes all parishes, municipalities, boards, commissions, sheriffs and tax collectors, judges, clerks of court, and any other public bodies or officers of any parish, municipality or township, but it does not include the state and its elected officials, and state commissions, boards, and other state agencies.”

La. R.S. 39:1212 provides that “After the expiration of existing contracts, all funds of local depositing authorities shall be deposited daily whenever practicable, in the fiscal agency provided for, upon the terms and conditions, and in the manner set forth in this Chapter. Deposits shall be made in the name of the depositing authority authorized by law to have custody and control over the disbursements.”

¹³ **La. R.S. 44:36 (A)** provides, in part, “All persons and public bodies having custody or control of any public record, other than conveyance, probate, mortgage, or other permanent records required by existing law to be kept for all time, shall exercise diligence and care in preserving the public record for the period or periods of time specified for such public records in formal records retention schedules developed and approved by the state archivist and director of the division of archives, records management, and history of the Department of State. However, in all instances in which a formal retention schedule has not been executed, such public records shall be preserved and maintained for a period of at least three years from the date on which the public record was made. However, where copies of an original record exist, the original alone shall be kept; when only duplicate copies of a record exist, only

one copy of the duplicate copies shall be required to be kept. Where an appropriate form of the microphotographic process has been utilized to record, file, and otherwise preserve such public records with microforms produced in compliance with the provisions of R.S. 44:415, the microforms shall be deemed originals in themselves, as provided by R.S. 44:39(B), and disposition of original documents which have been microphotographically preserved and of duplicates and other copies thereof shall proceed as provided in R.S. 44:411.”

APPENDIX A

Management's Response



St. Bernard Parish Government

8201 West Judge Perez Drive
Phone (504) 278-4200

Chalmette, Louisiana 70043
Fax (504) 278-4330

David E. Peralta
Parish President

May 22, 2015

Roger W. Harris
Office of the Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397
Via U.S. Mail and email rharris@lla.la.gov

RE: Investigative Audit of the St. Bernard Parish Recreation Department

Dear Mr. Harris:

On behalf of my employees and the citizens of St. Bernard Parish, I would like to thank you and your staff for the time and effort spent in preparing your report regarding our Recreation Department. In response, I would like to make you aware of the following actions we are taking to address some of the concerns outlined in your report:

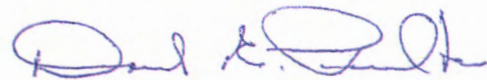
- The Parish Government Finance Department has absorbed the Recreation Department's financial operations in order to improve financial oversight and segregate duties;
- An accountant position has been created to monitor and review the Recreation Department's finances;
- St. Bernard Parish Government has engaged an accounting firm to compile the financial statements of RCI for the years 2012, 2013, and 2014. This engagement will commence on May 28, 2015.
- The Parish no longer accepts cash payments for sports league registration or facility rentals;
- Greater emphasis has been placed on requiring daily deposits of Recreation Department revenues whenever practicable;
- A full-time "Food and Beverage Event Manager" position has been created within the Recreation Department to improve inventory control, concession management, and financial reporting;
- The Recreation Department has increased the frequency of its inventory counting;
- The Recreation Department's requisitions are now subjected to the Parish Government's requisition process;
- Cash purchases of goods and materials are limited to exigent circumstances;
- The Recreation Department is in the process of acquiring safes for every facility;
- The Parish is exploring Point-of-Sale systems as well as video camera systems for all of its recreational facilities; and

- A civil lawsuit has been filed in the 34th Judicial District Court against Rachel Turnage and Gulf Coast Bank to recover the misappropriated funds.

St. Bernard Parish Government treats the findings of your audit with the utmost seriousness and is dedicated to continually improving its policies and procedures. We believe that the steps we have already undertaken and steps to be taken in the future will help prevent any reoccurrence of the circumstances surrounding this audit. Notwithstanding the above, please be advised that we concur with the findings of the Investigative Audit and do not suggest any additional modifications.

If you have any further questions, please do not hesitate to call me.

Sincerely,

A handwritten signature in blue ink, appearing to read "David E. Peralta".

David E. Peralta
St. Bernard Parish President

APPENDIX B

Rachel Turnage's Response

The Law Offices of Michael C. Ginart, Jr. & Associates



Trial Attorneys

2114 Paris Road
Chalmette, Louisiana 70043
Phone: 504-271-0471
Facsimile: 504-271-6293

www.ginartlaw.com

MICHAEL C. GINART, JR.
JOYCE D. YOUNG
NICHOLAS N.S. CUSIMANO

May 21, 2015

**VIA CERTIFIED MAIL AND
FACSIMILE – 225-339-3987**

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: SBPG vs. Rachel Turnage

Dear Mr. Purpera:

I am in receipt of and thank you for the draft report and letter from Mr. Roger W. Harris dated May 8, 2015. Per his request for me to provide information regarding the draft report, please see the following:

INITIAL OBSERVATIONS

The fact that the Turnage accounts noted in the report, as well as the accounts of St. Bernard Parish Government and RCI are all at Gulf Coast Bank caused some confusion with deposits and withdrawals. During the relevant time period Ms. Turnage was often working over 80 hours per week between her job with The St. Bernard Recreational Department and with the different All-Star teams. Ms. Turnage had never been in a position similar to what she was confronted with while working for St. Bernard Government. She had no work experience, training or education in governmental accounting principles, corporate structure and formalities, or tax exempt entities. St. Bernard Parish Government did not provide any training, instructions, or guidelines to Ms. Turnage.

RACHEL TURNAGE/HURRICANE ACCOUNT

Donations intended for the St. Bernard Hurricane All-Star team were often made payable to RCI or St. Bernard Parish Government. The donations intended for the Hurricanes were often deposited directly into the above noted account. Other All-Star teams not involved with Turnage would often receive donations in the name of that All-Star team. Since the team did not have a bank account in that name, those donations were deposited into the Hurricane account and later turned over to the respective All-Star team for which the donation was intended.

Cash deposits made into the Turnage/Hurricane account were derived from the following types of fund raisers for the Hurricanes:

1. Bunco parties;
2. Catfish dinners;
3. Sock-hops;
4. Dodge Ball tournaments;
5. Candle and candy sales;
6. 50-50 raffles;
7. Painting fundraiser; etc.

Cash derived from the following activities regarding the Hurricanes were also deposited:

1. Practice uniform/gear payments from parents;
2. Warm-up suits;
3. Tournament spectator paid entry fees;
4. Reimbursement for All-Star expenses from St. Bernard Parish Government, etc.

These were all monies paid directly to the Hurricanes and not St. Bernard Parish Government or RCI.

TURNAGE JOINT ACCOUNT

Cash deposits made into the Turnage joint account included the following:

1. Private Personal Trainer/Lessons Fees;
2. Private baseball camps held at different times throughout the year;
3. Substantial IRS refunds which were withdrawn for safekeeping and later returned to the account for payment of certain expenditures. (Tuition, etc.)

AMANDA BRAY

Amanda Bray was paid for time and expenses in cleaning up the concession area over night after tournaments.

ST. BERNARD PARISH GOVERNMENT/RCI CASH RECEIPTS

Cash was collected by a number of different individuals. The cash was kept in the office drawer. Anyone employed by the St. Bernard Parish Government Recreational Department or connected with RCI, including maintenance personnel, concession managers, concession workers and recreation staff had access to those monies. Notes from different people having access to the money would sometimes be left advising where the cash went. Sometimes receipts

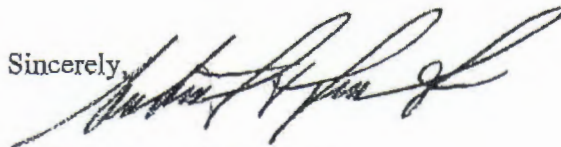
Re: SBPG vs. Rachel Turnage
May 21, 2015
Page 3

would be returned, sometimes receipts would not be returned. Cash was used to pay weekend softball cost and fees for officials. Cash would also be used for payments to vendors, suppliers, recreation maintenance purchases and supplies, gift cards for employees of the month, adult league supplies and officiating fees and reimbursement for entry fees.

This response is limited by the timeframe allowed and the lack of some supporting documentation attached to the draft report.

Thank you for the opportunity to respond and we look forward to receiving a copy of the final report.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael C. Ginart, Jr.", written over a horizontal line.

MICHAEL C GINART, JR.

MCG/woc