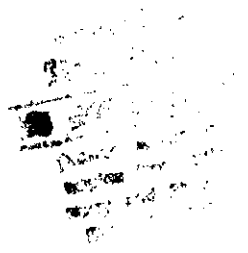


STATE OF LOUISIANA LEGISLATIVE AUDITOR



City of Jeanerette
Jeanerette, Louisiana

July 8, 1998



Investigative Audit

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

LEGISLATIVE AUDIT ADVISORY COUNCIL

MEMBERS

Senator Ronald C. Bean, Chairman
Representative Francis C. Thompson, Vice Chairman

Senator Robert J. Barham
Senator Wilson E. Fields
Senator Thomas A. Greene
Senator Craig F. Romero
Representative F. Charles McMains, Jr.
Representative Edwin R. Murray
Representative Warren J. Triche, Jr.
Representative David Vitter

LEGISLATIVE AUDITOR

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

DIRECTOR OF INVESTIGATIVE AUDIT

Allen F. Brown, CPA, CFE

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

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Sixty-four copies of this public document were produced at an approximate cost of \$108.16. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. An executive summary of this document is available on the Legislative Auditor's Web site at www.la.state.la.us.

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 Wayne "Skip" Irwin, Director of Administration, at 504/339-3800.

City of Jeanerette

July 8, 1998



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

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

Table of Contents

Legislative Auditor's Transmittal Letter.....	v
Executive Summary.....	vii
Background and Methodology	ix
	Page
Finding and Recommendation:	
Administrator of Summer Food Service Program	
Does Business With His Own Company.....	1
Attachment I.....	Management's Response
Attachment II.....	Legal Provisions



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (504) 339-3800
FACSIMILE: (504) 339-3870

July 8, 1998

THE HONORABLE JAMES "TK" ALEXANDER, SR.,
MAYOR, AND BOARD OF ALDERMEN
Jeanerette, Louisiana

Transmitted herewith is our investigative report on the City of Jeanerette. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

This report presents our finding and recommendation as well as the response of the City's management. Copies of this report have been delivered to the Honorable Bernard E. Boudreaux, Jr., District Attorney for the Sixteenth Judicial District of Louisiana; the United States Attorney for the Western District of Louisiana; and other authorities as required by state law.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle", is written over a circular stamp or mark.

Daniel G. Kyle, CPA, CFE
Legislative Auditor

AFB/dl

[JEANRET]

Executive Summary

Investigative Audit Report City of Jeanerette

The following summarizes the finding and recommendation as well as management's response that resulted from this investigation. Detailed information relating to the finding and recommendation may be found at the page number indicated. Management's response may be found at Attachment I.

Administrator of Summer Food Service Program Does Business With His Own Company

(Page 1)

- Finding:** Reverend Ivory Ledet, Jr., Administrator of the Summer Food Service Program (Program) for the City of Jeanerette (City), contracted with his own company to provide transportation services for the Program. From 1993 to 1996, Reverend Ledet's company, M. A. Simon Associates (Simon), submitted invoices to the Program totaling \$52,040. These invoices were included in requests for reimbursement submitted by the City to the Louisiana Department of Education. As a result, the City paid Simon \$43,040. The remaining \$9,000 invoice from Simon was not paid by the City.
- Recommendation:** We recommend that the City prohibit its employees from entering into contractual relationships with the City. We further recommend that the City implement policies and procedures to ensure that all contracts are properly reviewed and approved by the mayor and city council. Finally, we recommend that the District Attorney for the Sixteenth Judicial District of Louisiana and the United States Attorney for the Western District of Louisiana review this information and take appropriate legal action, to include seeking restitution.
- Management's Response:** The City's management has made changes to the Program to ensure that such abuses do not take place again.
-

Background and Methodology

The Policy and Quality Assurance Division of the Office of Legislative Auditor received information that the administrator of the Summer Food Service Program for the City of Jeanerette resigned after being questioned about an unpaid invoice. The information included an allegation that the administrator owned the company that submitted the invoice. This investigation was conducted to determine the accuracy of the information received.

Our procedures consisted of (1) interviewing employees and officials of the City; (2) interviewing other persons as appropriate; (3) examining selected documents and records of the City; (4) making inquiries and performing tests to the extent we considered necessary to achieve our purpose; and (5) reviewing applicable state and federal laws.

The result of our investigation is the finding and recommendation herein.

Finding and Recommendation

ADMINISTRATOR OF SUMMER FOOD SERVICE PROGRAM DOES BUSINESS WITH HIS OWN COMPANY

Reverend Ivory Ledet, Jr., Administrator of the Summer Food Service Program (Program) for the City of Jeanerette (City), contracted with his own company to provide transportation services for the Program. From 1993 to 1996, Reverend Ledet's company, M. A. Simon Associates (Simon), submitted invoices to the Program totaling \$52,040. These invoices were included in requests for reimbursement submitted by the City to the Louisiana Department of Education. As a result, the City paid Simon \$43,040. The remaining \$9,000 invoice from Simon was not paid by the City.

Since 1989, the City has participated in the summer food service program funded by the United States Department of Agriculture and administered by the Louisiana Department of Education. The purpose of the Program is to provide food service to children from needy areas during periods when area schools are closed for vacation. Since 1993, the City has operated two sites under the Program. During 1993 and 1994, the primary site was Jeanerette Middle School. Since 1995, the primary site has been Jeanerette Elementary School. The City also provided the Program to children through St. Jude's Catholic Church (St. Jude's) in Olivier.

Reverend Ivory Ledet, Jr., has been the administrator of the Program for the City since 1989. During the years 1993 through 1996, Reverend Ledet contracted with Simon for busing services related to the Program. The contract provided that the City would pay Simon \$50 per trip for each bus needed to transport children to and from the food service sites. In a written statement on May 14, 1998, Reverend Ledet stated that he is the sole owner of Simon. In that statement, Reverend Ledet stated that neither the City nor its employees were made aware that he owned Simon. At an earlier date, Reverend Ledet stated that the City paid Simon \$50 per trip per bus at an average of two trips per day. Reverend Ledet added that Simon paid the bus drivers \$50 per day. Reverend Ledet further stated that he contracted with himself on a business basis to make money.

From 1993 to 1996, Simon submitted invoices totaling \$52,040 to the City. These invoices included \$50,600 in busing charges and \$1,440 in charges for grocery deliveries. All of these invoices were included in requests for reimbursements and the resulting payments from the Department of Education. As a result, the City paid Simon \$43,040. Reverend Ledet stated that the remaining \$9,000 invoice from 1996 was not paid by the City because he learned that it was illegal for him to pay his own company.

Busing Services

Simon's invoices indicate that two buses were provided to the City in 1993, three buses in 1994, four to six buses in 1995, and two to three buses in 1996. Mr. August Davison and Mr. Leonard Wesley, bus drivers for the Program, stated that there were only three bus drivers for the Program during 1995. In addition, Mr. Wesley stated that 1995 was the first year he drove for the Program. We noted that in 1993, Mr. Wesley's bus number was included on one invoice from Simon. During 1996, Simon submitted a \$9,000 invoice to the program for busing services; however, Mr. Davison and Mr. Wesley drove for the Program that year and were paid directly by the City.

When asked about the number of buses provided to the Program, Reverend Ledet stated that the additional buses on Simon's invoices actually represent additional trips made by the drivers and not additional buses. Reverend Ledet explained that this was a "paperwork thing" so that it "wouldn't look like the extra trips were piled on to the buses that were used." Reverend Ledet stated that Simon only paid the drivers \$50 per day and the drivers were not always paid for additional trips. When asked about the \$9,000 invoice, Reverend Ledet stated that the invoice represented additional trips made by the drivers that were not paid by the City. Reverend Ledet further stated that his intention was to pay the drivers through Simon for the additional trips. City payroll records show that Mr. Davison and Mr. Wesley were paid by the hour and therefore would have already been compensated for any additional trips.

Grocery Deliveries

During 1993 and 1994, Simon billed the City for weekly deliveries of groceries from Jeanerette Middle School to St. Jude's. Ms. Marie Moses, director of the Program at St. Jude's, stated that Mr. Joseph Alton Guidry, a program employee, transported the groceries to St. Jude's usually on Tuesdays. Ms. Moses stated that Mr. Joseph Alton Guidry made all of the large grocery deliveries and on very few occasions Reverend Ledet's son delivered items that were missing or running low. Mr. Joseph Alton Guidry stated that since 1993, he transported groceries from the middle school to St. Jude's on a weekly basis. Mr. Guidry further stated that he transported bread and milk 2 or 3 times per week. Mr. Guidry added that Reverend Ledet only made deliveries to St. Jude's when the site was short or low on certain items. Ms. Mary Ann Spencer, former kitchen manager at the middle school during 1993 and 1994, stated that she does not remember Reverend Ledet or his family members transporting groceries from the middle school to St. Jude's. Ms. Spencer added that the same man always transported the groceries. Ms. Vernell Mitchell, program monitor for the middle school and St. Jude's, stated that Mr. Joseph Alton Guidry transported the groceries for the Program. Ms. Mitchell added that, on occasion, she delivered milk to St. Jude's.

The invoices from Simon contain names of program employees, thus giving the appearance that the program employees received groceries from Simon. The names of the program employees used on the Simon invoices included Reverend Ledet, Marie Moses, Vernell Mitchell, Lillian Barlow, and J. Guidry. Ms. Moses, Ms. Mitchell, Ms. Barlow, Mr. Joseph T. Guidry and Mr. Joseph Alton Guidry all stated that the signatures on the invoices were made by someone other than themselves. In addition, none of these employees had ever heard of Simon.

In our first meeting with Reverend Ledet, he stated that "he got different guys off the street" to help transport the groceries. Reverend Ledet added that he always went with these helpers to deliver the groceries. Reverend Ledet stated that he could not provide us with names of these helpers because he always used different people. In our second meeting, Reverend Ledet stated that in addition to "guys off the street" he, his children, and program employee Peter Grey transported groceries to St. Jude's. Later in that meeting, Reverend Ledet stated that both Mr. Joseph Alton Guidry and Simon delivered groceries to St. Jude's during the same time period. When asked about the signatures on the invoices, Reverend Ledet stated that he signed his name or other employees' names to the invoices "as a control purpose to show that the groceries were transported."

Other Methods Used to Conceal Ownership of M. A. Simon

All of the City's contracts with Simon were signed for the City by Ivory Ledet, Jr. Reverend Ledet stated that he signed M. A. Simon to the contracts in 1993 and 1994. The contracts for 1995 and 1996 were signed for Simon by Judy Deare. Reverend Ledet stated that Ms. Deare is a former employee of his church. He further explained that the contracts were signed in this manner "to show separation and to look business like."

Reverend Ledet stated that Simon's only client was the City; however, the invoices submitted to the City by Simon are not sequential. Reverend Ledet explained that the invoices submitted to the City were non-sequential because he wanted to give Simon the "appearance of a prosperous business."

The above actions indicate possible violations of one or more of the following:

- **R.S. 14:67, "Theft"**
- **R.S. 14:72, "Forgery"**
- **R.S. 14:134, "Malfeasance in Office"**
- **R.S. 14:140, "Public Contract Fraud"**
- **7 C.F.R. §225.18(g), "Summer Food Service Program, Fraud Penalty"**
- **18 U.S.C. §666, "Theft Concerning Programs Receiving Federal Funds"**
- **42 U.S.C. §1761(o), "School Lunch Program, Violations and Penalties"**

We recommend that the City prohibit its employees from entering into contractual relationships with the City. We further recommend that the City implement policies and procedures to ensure that all contracts are properly reviewed and approved by the mayor and city council. Finally, we recommend that the District Attorney for the Sixteenth Judicial District of Louisiana and the United States Attorney for the Western District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

Attachment I

Management's Response



P. O. BOX 209
JEANERETTE, LA.
70544

- OFFICE OF THE MAYOR -

CITY OF JEANERETTE



PHONE
(318) 276-4164
FAX
(318) 276-5023

Where Everybody Is Somebody
JAMES "TK" ALEXANDER, SR., MAYOR

RECEIVED
LEGISLATIVE AUDITOR
98 JUN 25 AM 10:21

June 23, 1998

Office of Legislative Auditor
Daniel G. Kyle, PH.D., CPA, CFE
Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

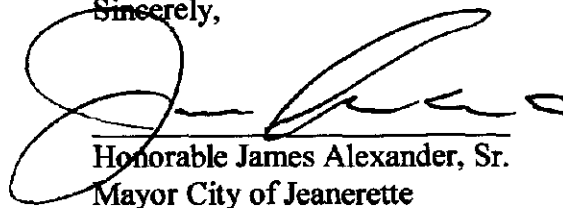
Dear Mr. Kyle:

In response to your recent investigative audit of the City's Summer Feeding Program, we would like to first thank you and your staff for your courtesies and helpfulness. Although the allegations of abuse appear to all concern the program prior to my taking office as Mayor in 1996, I have made it a priority to take appropriate actions to insure that such abuses do not take place again. Accordingly, the following changes have been initiated:

- 1) All contracts will be signed by the Mayor
- 2) All purchases will be done by purchase requisition with prior approval by the Mayor
- 3) All transactions will be documented in triplicate, which original will be held at Mayor's office, one at site, and one to be held by administrator
- 4) Also all accounts payable checks for program will be signed by Mayor and Deputy City Clerk.

If further explanation is needed, please feel free to call me.

Sincerely,



Honorable James Alexander, Sr.
Mayor City of Jeanerette

Attachment II
Legal Provisions

Legal Provisions

The following legal citations are referred to in the Finding and Recommendation section of this report:

R.S. 14:67 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.

R.S. 14:72 provides that forgery is the false making or altering, with intent to defraud, of any signature to, or any part of, any writing purporting to have legal efficacy.

R.S. 14:134 provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.

R.S. 14:140 provides that public contract fraud is committed when any public officer or employee shall use his power or position as such officer or employee to secure any expenditure of public funds to himself, or to any partnership to which he is a member, or to any corporation of which he is an officer, stockholder, or director.

7 C.F.R. §225.18(g) provides that whoever embezzles, willfully misapplies, steals, or obtains by fraud any funds, assets, or property that are the subject of a grant or other form of assistance under this part, whether received directly or indirectly from the United States Department of Agriculture, or whoever receives, conceals, or retains such funds, assets, or property to his use or gain, knowing such funds, assets, or property have been embezzled, willfully misapplied, stolen, or obtained by fraud shall, if such funds, assets, or property are of the value of \$100 or more, be fined not more than \$100,000 or imprisoned not more than five years, or both.

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

42 U.S.C. §1761(o) (1) provides that whoever, in connection with any application, procurement, record keeping entry, claim for reimbursement, or other document or statement made in connection with the program, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious, or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry, or whoever, in connection with the program, knowingly makes an opportunity for any person to defraud the United States, or does or omits to do any act with intent to enable any person to defraud the United States, shall be fined not more than \$10,000 or imprisoned not more than five years, or both, (2) whoever being a partner, officer, director, or managing agent connected in any capacity with any partnership, association, corporation, business, or organization, either public or private, that receives benefits under the program, knowingly or willfully embezzles, misapplies, steals, or obtains by fraud, false statement, or forgery, any benefits provided by this section or any money, funds, assets, or property derived from benefits provided by this section, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.