

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 3



INVESTIGATIVE AUDIT
ISSUED MAY 7, 2014

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

May 7, 2014

**MR. PATRICK SICARD, FIRE CHIEF,
AND MEMBERS OF THE BOARD
OF COMMISSIONERS
ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 3**
Lacombe, Louisiana

We have audited certain transactions of the St. Tammany Parish Fire Protection District No. 3. 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 22nd Judicial District of Louisiana and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/ch

STFD3 2014

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EXECUTIVE SUMMARY

Former Fire Chief Purchased Auto Parts for Personal Use

From January 2011 to September 2013, Charles Flynn, former fire chief of the St. Tammany Parish Fire Protection District No. 3 (District), used public funds totaling \$5,296 to purchase auto parts for personal use. In addition, it appears that Mr. Flynn falsified the invoices for these purchases by indicating that the parts were purchased for specific District vehicles or equipment. Because Mr. Flynn purchased auto parts using the District's tax exempt status, he failed to pay sales taxes totaling at least \$654 on personal purchases. By purchasing auto parts for personal use, falsifying District records, and failing to pay sales taxes on personal purchases, Mr. Flynn appears to have violated state law.

BACKGROUND AND METHODOLOGY

St. Tammany Parish Fire Protection District No. 3 (District) was created in 1954 by the St. Tammany Parish Police Jury. The District's mission is to provide fire protection in the area of St. Tammany Parish which includes Lacombe, Louisiana. The District is governed by a Board of Commissioners appointed by the St. Tammany Parish Council. The Board consists of five commissioners who serve two-year terms.

This audit was initiated to determine the validity of allegations we received that the District's former fire chief used District funds to purchase auto parts for personal use. The procedures performed during this audit included:

- (1) interviewing District employees;
- (2) interviewing other persons as appropriate;
- (3) examining selected District documents and records;
- (4) gathering and examining external parties' documents and records; and
- (5) reviewing applicable state laws and regulations.

FINDINGS AND RECOMMENDATIONS

Former Fire Chief Purchased Auto Parts for Personal Use

From January 2011 to September 2013, Charles Flynn, former fire chief of the St. Tammany Parish Fire Protection District No. 3 (District), used public funds totaling \$5,296 to purchase auto parts for personal use. In addition, it appears that Mr. Flynn falsified the invoices for these purchases by indicating that the parts were purchased for specific District vehicles or equipment. Because Mr. Flynn purchased auto parts using the District's tax exempt status, he failed to pay sales taxes totaling at least \$654 on personal purchases. By purchasing auto parts for personal use, falsifying District records, and failing to pay sales taxes on personal purchases, Mr. Flynn appears to have violated state law.¹

The District purchases auto parts using vendor accounts at local auto parts stores. Mary Landry, the District's administrative manager, stated that Mr. Flynn was usually involved in District vehicle repairs and initiated a majority of the auto parts purchases. She stated that she received the invoices and statements and forwarded them to Mr. Flynn. According to Ms. Landry, Mr. Flynn would review the invoices/statements and write the District vehicle or equipment number next to each part to identify the purpose for each purchase. Once Mr. Flynn approved the invoices and statements, District funds were used to pay all accounts.

Our audit revealed that from January 2011 to September 2013, Mr. Flynn charged auto parts totaling \$7,083 to the District's vendor accounts for personal use. Mr. Flynn initially stated that he purchased auto parts for personal purposes through the District's accounts, but used personal funds to pay the vendors directly. Our review of District records indicated that Mr. Flynn issued personal checks totaling \$1,787 to the District's auto parts' vendors to pay for personal auto parts charged to the District's accounts. However, the remaining purchases (totaling \$5,296) were paid using District funds.

In one instance, District records indicate that Mr. Flynn purchased an engine kit for \$723 on June 11, 2012, to rebuild the generator at District Fire Station 31. Although Mr. Flynn stated that he used parts of the kit to reseal the generator's engine, documentation obtained from the auto parts store indicated that the rebuild kit was a special order designed to fit an AMC Rambler. Mr. Flynn later acknowledged that he owned an AMC Rambler and used the kit to rebuild the AMC Rambler's engine.

Mr. Flynn further acknowledged that District funds were used to purchase auto parts for his personal use. Mr. Flynn identified the remaining auto parts purchased by the District totaling \$5,296 as parts that he purchased for personal use. He added that he wrote District vehicle/equipment numbers on the invoices/statements for these parts to ensure that the invoices were paid. Mr. Flynn stated he was aware that he had not paid sales taxes on any of his personal purchases and indicated that he was willing to reimburse the District for the auto parts and pay the related sales taxes. Based on the personal purchases made by Mr. Flynn, it appears that he failed to pay sales taxes totaling \$654.

By purchasing auto parts for personal use, falsifying District records, and failing to pay sales taxes on personal purchases, Mr. Flynn appears to have violated state law.¹

Recommendations

We recommend that the District seek reimbursement for all personal charges incurred and adopt detailed purchasing policies and procedures to ensure that public funds are spent in accordance with state law in the future. These policies should clearly identify allowable expenses, approval procedures, payment methods, and documentation requirements. In addition, we recommend that the District maintain monthly vehicle usage reports for the operation of its vehicles/equipment to monitor usage as well as repairs and maintenance.

LEGAL PROVISIONS

¹ **Louisiana Revised Statute (La. R.S.) 14:67(A)** states, “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.”

La. R.S. 14:68(A) states, “Unauthorized use of a moveable is the intentional taking or use of a moveable which belongs to another, either without the other’s consent, or by means of fraudulent conduct, practices, or representations, but without any intention to deprive the other of the moveable permanently. The fact that the moveable so taken or used may be classified as an immovable, according to the law pertaining to civil matters, is immaterial.”

La. R.S. 14:133(A) states, “Filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, of any of the following: (1) Any forged document. (2) Any wrongfully altered document. (3) Any document containing a false statement or false representation of a material fact.”

La R.S. 14:134(A) states, “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.”

La. R.S. 42:1461(A) states, “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.”

La. R.S. 47:1642 states, in part, that “Any person who willfully fails to file any return or report required to be filed by the provisions of this Subtitle, or who willfully files or causes to be filed with the secretary any false or fraudulent return, report, or statement, or who willfully fails to pay any such tax, penalty, or interest, or who willfully aids or abets another in the filing with the secretary of any false or fraudulent return, report, or statement, with the intent to defraud the state or evade the payment of any tax, fee, penalty, or interest, or any part thereof, which shall be due pursuant to the provisions of this Subtitle...”

Louisiana Constitution Article VII, Section 14(A) states, in part, “Prohibited Uses. 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.”

APPENDIX A

Management's Response



Patrick F. Sicard
Fire Chief

St. Tammany Parish Fire Protection District # 3

P.O. Box 849
Lacombe, Louisiana 70445-0847
(985) 882-5977 Office (985) 882-6664 Fax
stfd3@charter.net

St. Tammany Fire District No. 3 Response to the Louisiana Legislative Auditors (LLA)

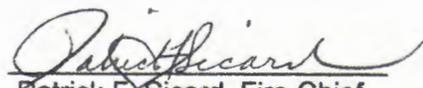
The St. Tammany Fire District No. 3 (STFD #3) administration has acknowledged and confirmed that the results of the investigation by the Louisiana Legislative Auditors were factual. The STFD #3 administration has taken appropriate steps to secure and control the assets of the organization.

On April 21, 2014, the recently-appointed Fire Chief, Patrick Sicard contacted Retired Chief, Charles Flynn, III by telephone to seek restitution in the amount of \$ 5,296.00. Charles Flynn advised Chief Sicard that he would deliver a personal check to STFD #3 during the week of April 20-26, 2014.

Numerous security and accountability (S & A) measures were implemented by the new administration prior to the LLA investigation and some measures were implemented following the suggestions of the LLA. The S & A measures in place are as follows:

1. The STFD #3 administration has organized individual maintenance files for all departmental vehicles.
2. The STFD #3 administration requires two employee signatures on all receipts.
3. The STFD #3 administration has expanded the purchase order (P.O.) system to validate and approve the majority of purchases.
4. The STFD #3 administration has issued letters to numerous companies limiting the purchasing authority to designated personnel.
5. The STFD #3 administration has approved the addition of a locked inventory room, with limited access by designated personnel, to secure all vehicle oils, vehicle parts and tools of significant value.
6. The STFD #3 administration requires the review of department credit card purchases by the STFD #3 Fire Board of Commissioners on a monthly basis.
7. The STFD #3 administration has policies in place regarding the use of department credit cards and purchases.

The STFD #3 administration regards this matter as a serious situation and has fully cooperated with the LLA during the investigation. The administration has provided documentation and has answered all questions asked by the LLA investigators. It is the intent of the administration to cooperate with any future investigation(s) by local, state and/or federal authorities on this matter.


Patrick F. Sicard, Fire Chief

Louisiana Legislative Auditor:

In response to the investigative report I received on April 18th 2014, I would like to add the following response. I agreed with the disclosed amount. This amount was over a three year period. During that three year period the district purchased an estimated \$60,000.00 plus in parts and supplies from various vendors for the maintenance of the districts vehicles. These invoices were marked by me as to the specific vehicle they were intended for. The majority of these invoices were printed by part numbers only. In a rush it was easy to mistake my parts for district parts. I advised the auditor and investigator during my first visit with them that if any invoices were my responsibility I would gladly reimburse the district. I also advised the auditors given the nature of our meeting that there may have been some oversight on some of these invoices and they were mistakenly misidentified as parts for district vehicles. I advised them also that I would be honest and cooperative during the meeting. There was no intent to mishandle.

In the 4th paragraph of the audit it was stated that an engine kit was purchased for a generator at station 31. The kit was later identified as a kit for an AMC Rambler that I own. Parts were purchased for the generator mentioned just not during the audit period. Again there were only part numbers on the invoice. I regret this oversight and apologize for the mistake.

In the 5th paragraph, I was quoted as saying **“he wrote the district vehicle/equipment numbers on the invoices/statements for these parts to insure that these invoices were paid”**. I did not make that comment. I stated all invoices had to be identified and turned in for payment.

As head of the department I wore many hats and I'm sure I made mistakes along the way of nearly 20 years of being involved with Fire District #3. I am human and regret any oversights and mistakes I have made. My performance and actions reflect poorly in this area of my work. I am sorry for this and embarrassed.

3 days after receiving the draft audit report I paid the invoices I was responsible for in full. I have added a copy of the check and receipt. I would also like to add that as an ASE master auto and truck technician I worked on the departments vehicles for free! Along with all duties demanded of a chief. I did these repairs at the station and most repaired at my garage on my own

time encompassing many nights and many weekends, using my tools and equipment and electricity freely. In my nearly 20 years of service to STFD#3 I have saved the district hundreds of thousands of dollars on equipment and repairs on a variety of equipment. I did this work willingly and free for the betterment of the community and the department and did so for the lack of available funds to sub it out.

In closing, I admit my management of the vehicle repair program was definitely flawed and in need of revision. I apologize to my commissioners that had the utmost faith in me. I sincerely regret my oversights and mistakes that shadow over all the good I have done for my department and community that I have lived in for 43 years.

Sincerely,



Charles A. Flynn III



St. Tammany Fire District No. 3

INVOICE # 14-101
DATE: APRIL 21, 2014

P O Box 849, Lacombe, LA 70445
Phone 985-882-5977 Fax 985-882-6664
Stfd3@charter.net

TO Charles Flynn
61005 Dogwood Drive
Lacombe LA 70445

SALESPERSON	JOB	PAYMENT TERMS	DUE DATE
		Due on receipt	

QTY	DESCRIPTION	UNIT PRICE	LINE TOTAL
	As per Louisiana State Legislative Audit findings for the period of 1/1/2011 through 09/30/2013, various automotive parts purchased through St. Tammany Fire District No. 3 for personal use.	5,296.00	5,296.00

*Paid in full
Check # 1005*

SUBTOTAL	
SALES TAX	
TOTAL	\$5,296.00

Please make all checks payable to St. Tammany Fire Dist. No. 3
THANK YOU FOR YOUR BUSINESS!

Date 4/21/14

Pay To The Order of St. Tammany Fire District 3

\$ 5,296⁰⁰

Five thousand Two Hundred Ninety-six dollars & ⁰⁰/₁₀₀ Dollars



IBERIABANK

Home Equity

For _____

