

TOWN OF RAYVILLE



INVESTIGATIVE AUDIT
JANUARY 6, 2016

**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

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 6, 2016

**THE HONORABLE HARRY LEWIS, MAYOR
AND MEMBERS OF THE BOARD OF ALDERMEN
TOWN OF RAYVILLE**
Rayville, Louisiana

We have audited certain transactions of the Town of Rayville. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the propriety of certain financial transactions.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*.

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 5th Judicial District of Louisiana and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/aa

TOWNOFRAYVILLEDEC15

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EXECUTIVE SUMMARY

Town Paid for Materials and Supplies Not Received

From October 27, 2011 to August 23, 2013, the Town of Rayville (Town) paid at least \$102,315 to Florida-based Global Chemicals, Inc. (Global) for fire department materials and supplies that were not received or for which the Town paid excessive amounts above market value. Of this amount, the Town paid \$60,345 for materials and supplies that do not appear to have been received. In addition, based on independent quotes we obtained, the Town may have paid at least \$41,970 in excess of market value for materials and supplies that were received. The Town did not obtain bids or quotes or competitively price any of these purchases. By failing to obtain bids and/or quotes and paying for materials and supplies that were not received, Town officials may have violated the Louisiana Constitution and state law.

BACKGROUND AND METHODOLOGY

The Town of Rayville (Town) is located in Richland Parish and has a population of 3,695 (2010 Census). The Town was incorporated in 1911, under the provisions of the Lawrason Act and operates under a mayor-board of aldermen form of government. The Town has five elected aldermen who serve four-year terms. The mayor is elected at-large for a four-year term.

This audit was initiated after receiving allegations regarding excessive materials and supplies purchases made by the Town's fire department. The procedures performed during this audit included:

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

FINDING AND RECOMMENDATIONS

Town Paid for Materials and Supplies Not Received

From October 27, 2011 to August 23, 2013, the Town of Rayville (Town) paid at least \$102,315 to Florida-based Global Chemicals, Inc. (Global) for fire department materials and supplies that were not received or for which the Town paid excessive amounts above market value. Of this amount, the Town paid \$60,345 for materials and supplies that do not appear to have been received. In addition, based on independent quotes we obtained, the Town may have paid at least \$41,970 in excess of market value for materials and supplies that were received. The Town did not obtain bids or quotes or competitively price any of these purchases. By failing to obtain bids and/or quotes and paying for materials and supplies that were not received, Town officials may have violated the Louisiana Constitution¹ and state law.²

The Town did not have written policies and procedures for purchasing. According to practice, purchases were generally initiated by a purchase order. Once an item was received, the accounts payable clerk would confirm receipt and then complete an accounts payable request in order to issue a check to the vendor. According to Town records, Global invoices were faxed to Town hall and indicated that the materials/supplies were shipped to Fire Chief Gary Miller at the Town of Rayville Fire Department, which is located across the street from Town hall.

From October 27, 2011 to August 23, 2013, the Town issued 22 payments to Global totaling \$128,947 for materials and supplies for the fire department. The Town could only provide two purchase orders totaling \$1,699, and none of the invoices included any type of written approval or authorization from Chief Miller. In addition, the Town could provide no records to indicate that any bids or quotes were obtained. Maranda Washington, former accounts payable clerk and current administrative assistant, stated that she paid a majority of the Global invoices without purchase orders and without authorization from Chief Miller. She added that when the Global invoices began to increase in dollar amount, she began to question Chief Miller to determine if the materials and supplies had been received.

Town Paid Global for Materials and Supplies Not Received

During our audit, we inventoried materials and supplies on hand at the Town's two fire stations. Based on our inventory, review of invoices, and interviews with fire department personnel, it appears that the Town paid Global \$56,943 for materials and supplies not received and an additional \$3,402 for two separate invoices that appear to have been paid twice. The items which do not appear to have been received, as well as the amounts paid by the Town, are provided in the following table.

Purchases with No Evidence to Support Receipt of the Materials or Supplies						
Date	Product	Quantity (Gallons)	Unit Price	Total for Product	Shipping Charge	Total Invoice
January 18, 2013	Tank Gard	54	\$91.88	\$4,961.52	\$392.65	\$5,354.17
February 15, 2013	Special Formula	60	69.99	4,199.40	411.88	4,611.28
March 26, 2013	Sani Sept	55	88.37	4,860.35	481.63	5,341.98
April 2, 2013	Insta Kleen	55	89.96	4,947.80	465.32	5,413.12
May 16, 2013	Vapor Suppressor	110	82.93	9,122.30	692.55	9,814.85
June 4, 2013	Tank Gard	110	83.88	9,226.80	693.62	9,920.42
June 21, 2013	Diamond Brite	110	82.32	9,055.20	643.81	9,699.01
July 2, 2013	Tank Saver	70	91.38	6,396.60	391.62	6,788.22
		624				\$56,943.05

The only documentation the Town could provide to substantiate these purchases were the invoices received from Global. Based on the invoices, the Town should have received a total of 624 gallons of product from January 2013 to July 2013. On October 2, 2013, we inventoried all materials and supplies on hand at the Town's fire stations. The products described in the table above could not be located. Chief Miller and Assistant Fire Chief William Boren both stated that they have not seen nor heard of these products, and both indicated that they did not order these products from Global. Chief Miller further stated that he did not give anyone at Town hall approval to pay for these products. William Hardy, owner of Global, stated that Chief Miller ordered everything that was invoiced to the Town and that Chief Miller "got everything he was supposed to get." When asked to produce documentation to substantiate all products sold and shipped to the Town, Mr. Hardy indicated that he did not have nor could he provide documentation to substantiate that the products were shipped to the Town.

Town Paid Excessive Amounts for Items Received

During our inventory of materials and supplies at the fire department, we noted that a majority of the items received from Global were firefighting foam, Water Wetter, and other miscellaneous cleaning products. According to Town records, these products were received from August 2011 through July 2013, at a cost of \$63,530.^A The unit prices paid by the Town for these products ranged between \$69.99 and \$91.38 per gallon. We compared these amounts to prices advertised by online retailers and found that the unit prices for the same or similar products ranged between \$18.99 and \$36 per gallon. Based on these quotes, the Town may have paid as much as \$41,970 in excess of market value for these products.

For example, the Town paid Global a total of \$22,947 for 255 gallons of firefighting foam from November 2012 to June 2013. Although Global charged the Town \$89.99 per gallon, we found two companies in the state of Louisiana that charge \$20 per gallon. At this price, the 255 gallons would have cost the Town \$5,151; a difference of \$17,796. In addition, we found

^A This total only includes the unit costs charged to the Town for these products. The Town also paid shipping charges totaling \$5,072 for these products.

that some of the products received from Global have not been used. For example, in August 2011, the Town received and paid for six gallons of hose and gear cleaner. Although the six gallons received in August 2011 were still on hand during our inventory, the Town received and paid \$9,877 for an additional 100 gallons of hose and gear cleaner which were also unused. In total, the Town paid \$10,357 for 106 gallons of hose and gear cleaner that have not been used.

According to Louisiana Revised Statute (La. R.S.) 38:2212.1(A)(1)(b) (public bid law), materials and supplies purchases of \$10,000 or more, but less than \$30,000, shall be made by obtaining not less than three telephone or facsimile quotations. During calendar year 2013, on at least two occasions, the Town received and paid for materials and supplies from Global in excess of \$10,000 without obtaining quotes in compliance with the public bid law. Furthermore, there was no documentation to indicate that fire department and/or administrative personnel took any action to ensure that the Town paid market price for materials and supplies purchased from Global.

Chief Miller indicated that he did not obtain quotes or bids or competitively price any of the products that he ordered from Global. He explained that Global sent several products that he did not order and on several occasions sent shipments in quantities greater than what he had ordered. He stated that he did not use the products that were not ordered because he thought Global would pick up products that the Town didn't pay for. He stated that on one occasion he contacted Global about receiving a shipment that he did not order and was told that the Town would have to pay \$700 for return shipping. Chief Miller stated that he was unaware of the amounts that the Town paid Global and that Town administrative personnel only asked him about two of the Global invoices.

By failing to obtain bids and/or quotes and paying for materials and supplies that were not received, Town officials may have violated the Louisiana Constitution¹ and state law.²

Recommendations

We recommend that Town management adopt detailed purchasing policies and procedures to ensure that purchases are made for public purposes and in compliance with the state bid law. These policies and procedures should at a minimum:

- (1) provide guidance as to how purchases are initiated, reviewed, and approved;
- (2) require the implementation and monitoring of controls to ensure that materials and supplies are necessary;
- (3) require the use of purchase requisitions and purchase orders for all purchases;
- (4) ensure that purchase requisitions and purchase orders are properly approved by an appropriate member of management;

- (5) provide checks and balances to ensure compliance with the public bid law (La. R.S. Title 38);
- (6) require that receiving reports are completed when materials and supplies are delivered. Receiving reports should be matched to approved purchase orders to ensure that the Town has received the quantity of products ordered;
- (7) require detailed invoices and documentation of the business purpose for all expenditures;
- (8) require proper review of invoices to ensure each payment has a legitimate public purpose as required by the Louisiana Constitution; and
- (9) maintain perpetual inventory records necessary to reconcile and maintain proper control of its inventory of materials and supplies.

LEGAL PROVISIONS

¹ **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.”

² **Louisiana Revised Statute (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; (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 any 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. 38:2212.1(A)(1)(b) states, “Purchases of ten thousand dollars or more, but less than thirty thousand dollars, shall be made by obtaining not less than three telephone or facsimile quotations. A written confirmation of the accepted offer shall be obtained and made a part of the purchase file. If quotations lower than the accepted quotation are received, the reasons for their rejection shall be recorded in the purchase file.”

APPENDIX A

Management's Response

TOWN OF RAYVILLE

109 BENEDETTE ST., P O BOX 878 – RAYVILLE, LA 71269
TELEPHONE: (318) 728-2011 * FAX: (318) 728-7503

Officers

*Harry Lewis, Mayor
Willie L. Robinson, Chief of Police
Deborah T. Nealon, Town Clerk
Damon D. Kervin, Town Attorney
David Standifer, Supt. Public Works
Gary Miller, Fire Chief
James Smith, Dir. of Ecom/ Comm. Affairs
James Berry, Town Magistrate*

Aldermen

*Timothy Tennant, Mayor Pro Tem
Valerie Allen
James Brakefield
Debra K. James
Paula Cumpton*

Harry Lewis, Mayor
Town of Rayville
109 Benedette Street
Rayville, LA 71269
December 29, 2015

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

Dear Mr. Purpera,

We have received your draft of the investigative audit report on the Town of Rayville. We revised and began immediate implementation of our purchasing procedures on October 14, 2013 as soon as we identified the problem with the Fire Department. These policies are enclosed and we respectfully request that they are included in your final report.

We sincerely thank your staff and you for your kind assistance.

Sincerely,



Harry Lewis, Mayor
Town of Rayville

PURCHASING PROCEDURES Town of Rayville

Materials, supplies, and services used by the Town of Rayville should be authorized before purchase, by a purchase order. To obtain a purchase order, the department head (or his designated representative) completes a requisition form and submits it to the Purchasing Department. Materials and supplies purchases of \$10,000 or more, but less than \$30,000 shall be made by obtaining not less than three telephone or facsimile quotations or bids in order to be in compliance with the public bid law. The purchase order is written, with the original copy given to the using department. This copy is to be taken (or mailed) to the vendor to authorize the purchase. Two copies remain on file in the Purchasing Department. Each invoice is entered into Accounts Payable for payment. On the 10th and 25th each month, just prepares a Bills and Claims Resolution authorizing the payment of all bills for the month. Accounts Payable prepares all checks to suppliers through accounting system.

THE REQUISITION

All purchases should have a requisition signed by the department head before a purchase order is issued.

When a department head signs a completed requisition, he is certifying several things:

1. The department has a need for the item;
2. The item is to be purchased with funds from a specified budget of the department; and
3. The specified budget account contains adequate funds to pay for the item;

The completed requisition also should contain a suggested source of supply for the item.

THE PURCHASE ORDER

The purchase order is a written authorization from the Town to a supplier. It guarantees that the purchase is valid and that the supplier will be paid promptly (within thirty days) after receipt of invoice.

The original (white copy) of the purchase order is intended as a written authorization to the supplier and should be given to the supplier at the time of purchase. Many suppliers do not require a written copy of the purchase order, but they should still ensure that the purchase order number appears on all invoices and correspondence.

One copy of the purchase order remains in the Purchasing Office. The yellow copy is attached to the original invoice and submitted to the Accounts Payable as documentation for each month's bills.

In the case of actual emergencies, after business hours, purchases,

Purchase Orders should be made first thing on the next business day. Departments should turn in invoices to the Purchasing Dept.

THE INVOICE

Whenever a town employee picks up materials and supplies from a supplier, he should be sure to obtain a fully priced invoice. This invoice should be signed by the employee receiving the supplies and immediately returned to the Purchasing Office. The Purchasing Office pays all invoices. A monthly statement is not required.

Whenever a fully priced invoice is not immediately available at the time the materials and/or services are received, the supplier should provide an invoice as soon as possible to the Purchasing Office. All invoices should be received by the 25th of each month.

The Accounts Payable routine duties include:

- Overseeing all purchasing operations.
- Issuing purchase orders.
- Check for prices and sources of supply
- Receiving all completed purchase orders, with attached invoices, and entering all information into Accounts Payable system for payment.
- Preparing bid solicitations for items to be purchased under competitive bid system, receiving sealed bids and awarding contract to lowest responsible bidder.
- Accounts Payable preparing and closing out each month.
- Any other duties as directed by the Mayor.

PURCHASING PROCEDURES

1. The Accounts Payable is responsible for issuing purchase orders
2. The Accounts Payable is responsible for entering invoices.
3. The Accounts Payable is responsible for printing the checks.
4. The Mayor & City Clerk will review and sign off on all signed checks.
5. The Payroll Clerk balances the statements and closes each month.

Deborah T. Nealon Harold Dent
CLERK MAYOR

APPENDIX B

Other Responses

GLOBAL CHEMICALS, INC

P.O. Box 979601

Coconut Creek, Florida 33073-0076

December 31, 2015

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Sir,

We are hereby responding to the request of Mr. Roger W. Harris in a letter dated December 15, 2015.

We are a small one person, corporate business with a tiny office. Our operating procedure is to await payment and hold shipping records for six months only. If a payment is received then we must believe the product was received. Who pays for something they do not get? Any records I have found are attached. We never received a message of non-receipt of goods. If we would not have been paid I certainly would have written or called. We deny billing for products not shipped.

Accountants, Attorneys as well as businessmen reserve the right to value their services and products. Samsung and Apple have a wide variance in their prices.

I ask that you provide me with the details as to the alleged double payment of 3402.00 and the receipt. I will check what records I have and if you are correct, repayment shall be made. It is entirely possible that there were two invoices for a similar amount. I am a one member business and do not claim to be the greatest bookkeeper. I am enclosing what I located and items "A" are the same product. Perhaps that is why you have missing items. Insta Clean is the same as Hose and Gear Cleaner. Tank Guard and Tank Saver is also the same product as water wetter.

At no time within the record of 2011 through 2013 did we ever receive a telephone or other message that any shipment was not received. UPS told me that they do not keep records of shipment for more than six months.

We do not control your offices record keeping or storage facilities. The audit took place in October 2013, what happened between July 2, 2013 and the date of Audit some 90 – 120 days later? Theft, transfer of products to other parts of the town, waste, negligence or any other possibility could have happened to which I have no control.

At no time did I state that 700.00 would be the cost of reshipment, as this corporation does not have a "restocking" program. If an order received in good faith and shipped accordingly why should the seller bear the cost of a return . It is not fair.

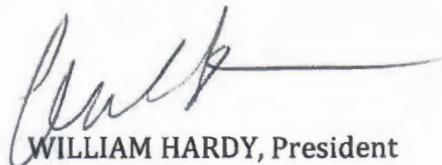
The letter of December 15, 2015 plainly shows lack of inventory control in August 2011 wherein products were unused.

Again, I state that I will attach any shipping documents found in our office and as for information as to the "Double payments" of 3402.00. Orders are acknowledged in the December letter but memory seems to be a problem at your end.

Please note the reduction in price of a tank guard on January 18, 2013 and June 4, 2013.

Poor record keeping and poor maintenance records or administration should not be passed on to a vendor who has no control or say so within any city, village or town. The young lady gave us instructions to FAX orders in to her and at no time was a "Purchase Order" ever mentioned.

Sincerely yours



A handwritten signature in black ink, appearing to read "WILLIAM HARDY".

WILLIAM HARDY, President

CARF	R: Southeastern Freight Lines				
BOL#	I9164425	PRO#:			
Shipper	GLOBAL CHEMICALS INC 1835 NE 144TH ST North Miami FL 33181				
Phone:	800.226.2510				
Fax:					
Contact	BILL				
Consignee	RAYVILLE FIRE DEPT. 902 HARRISON ST Rayville LA 71269		Pickup Date 2/18/2013	Ready Time 12:00pm - 4:00pm	Bill Third Party PREPAID To: Freightquote.com 16025 W. 113th Street Lenexa KS 66219
Phone:	318.303.3612		P.O. NO. (Other references if applicable):		
Fax:			Shipper Locator Information:		
Contact	GARY MILLER				
Special Instructions:	<i>(A)</i>				

No. OF	IS	KIND OF PACKAGE	*HM	DESCRIPTION OF PRODUCT	NMFC ITEM#	CLASS	SHIPPING WEIGHT (LBS)
12		Pail		ODOR COUNTERACTANT (14L 11W 11H)		55	540

*An X indicates hazardous material Total weight: 540 (subject to correction)

RECEIVE condition: destination of the route of the rout bill of lading
NOTICE: I negotiates a contract.

The point of origin on the date specified, from the consignor mentioned herein, the property herein described, in apparent good order, except as noted (contents and contents of packages unknown), marked, consigned, and destined, as indicated above, which the carrier agrees to carry and to deliver to the consignee at the said in its route or otherwise to deliver to another carrier on the route to said destination. It is mutually agreed as to each carrier of all or any of the goods over all or any portion destination, and as to each party of any time interested in all or any of the goods, that every service to be performed hereunder shall be subject to all the conditions of this prohibited by law, whether printed or written, which are hereby agreed to by the shipper and accepted for himself and his assigns.

At moving under this Bill of Lading is subject to classifications and tariffs established by the carrier and are available to shipper upon request. This notice supersedes and aimed oral or written contract, promise, representation, or understanding between parties, except to the extent of any written contract signed by both parties to the

Carrier certifies: only ARB-compliant equipment will be dispatched on California highways or railways.

I HEREBY respects irrevocably the quoted terms.

I declare that the contents of this consignment are fully accurately described above by proper shipping name and are classified, packed, marked and labeled, and are in all per condition for transport according to applicable international and national government regulations. Any unauthorized alteration or use of this bill of lading or the shipment to any carrier other than that designated by company, may VOID company's obligations to make any payments relating to this shipment and VOID all rate

SHIPPER	GLOBAL CHEMICALS INC	CARRIER: Southeastern Freight Lines 62797295
SIGNATURE		SIGNATURE
X		X

All shippers, consignors, consignees, freight forwarders or freight brokers are jointly and severally liable for the freight charges relating to this straight bill of lading (original non-negotiable).
CUSTOMER AGREES TO THE ORGANIZATION'S TERMS AND CONDITIONS, WHICH CAN BE FOUND AT WWW.FREIGHTPAYMENTCENTER.COM.

Covered by one or more U.S. Patents, including at least U.S. 7,430,517 B1

CARR

R: Southeastern Freight Lines

BOL#	2757228	PRO#:	
Shipper	GLOBAL CHEMICALS, INC. 1835 NE 144TH STREET North Miami FL 33181	(PLACE PRO LABEL HERE)	
Phone:	800.226.2510		
Fax:			
Contact	BILL		
Consign:	RAYVILLE VOL FIRE DEPT. 902 HARRISON STREET Rayville LA 71269	Pickup Date 8/14/2013	Ready Time 12:00pm - 5:00pm
Phone:	318.728.7515	P.O. NO. (Other references if applicable):	
Fax:			
Contact	GARY MILLER	Shipper Locator Information:	

Special

Instructions:

No. OF P	S	KIND OF PACKAGE	*HM	DESCRIPTION OF PRODUCT	NMFC ITEM#	CLASS	SHIPPING WEIGHT (LBS)
11		Pail		BABY FRESH (14L 11W 11H)		55	495

*An X indicates hazardous material

Total weight:
(subject to correction) 495

RECEIVEI condition c destination of the rout bill of lading.

NOTICE: I negotiate a contract.

Carrier car

I HEREBY respects ir tendering quotes.

At the point of origin on the date specified, from the consignor mentioned herein, the property herein described, in apparent good order, except as noted (contents and

the route or otherwise to deliver to another carrier on the route to said destination. It is mutually agreed as to each carrier of all or any portion of the goods over all or any portion

prohibited by law, whether printed or written, which are hereby agreed to by the shipper and accepted for himself and his assigns.

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only ARB-compliant equipment will be dispatched on California highways or railways.

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cer condition for transport according to applicable international and national government regulations. Any unauthorized alteration or use of this bill of lading or the

s shipment to any carrier other than that designated by company, may VOID company's obligations to make any payments relating to this shipment and VOID all rate

SHIPPER	GLOBAL CHEMICALS, INC.	CARRIER: Southeastern Freight Lines 62797295
SIGNATU		SIGNATURE

X**X**

DATE UNITS RECEIVED

All shippers, consignors, consignees, freight forwarders or freight brokers are jointly and severally liable for the freight charges relating to

it. STRAIGHT BILL OF LADING (ORIGINAL NON-NEGOTIABLE)

AGREES TO THE ORGANIZATION'S TERMS AND CONDITIONS, WHICH CAN BE FOUND AT

HTTP://PAYMENTCENTER.COM.

Covered by one or more U.S. Patents, including at least U.S. 7,430,517 B1

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Town Paid Excessive Amounts for Items Received

During our inventory of materials and supplies at the fire department, we noted that the majority of the items received from Global were firefighting foam, Water Wetter, Tank Saver and other miscellaneous cleaning products. According to Town records, these products were received from August 2011 through July 2013, at a cost of \$63,530¹. The unit prices paid by the Town for these products ranged between \$69.99 and \$91.38 per gallon. We compared the amounts to prices advertised by online retailers and found that the unit prices for the same similar products ranged between \$18.99 and \$36 per gallon. Based on these quotes, the Town may have paid as much as \$41,970 in excess of market value for these products.

For example, the Town paid Global a total of \$22,947 for 255 gallons of firefighting foam from November 2012 to June 2013. Although Global charged the Town \$89.99 per gallon, we found two companies in the state of Louisiana that charge \$20 per gallon. At this price, 255 gallons would have cost the Town \$5,151; a difference of \$17,796. In addition, we found that some of the products received from Global have not been used. For example, in Augu

¹ This total only includes the unit costs charged to the Town for these products. The Town also paid shipping charges totaling \$5,072 for these products.

PRELIMINARY DRAFT

Report/Statements are subject to further review and revision. They are the results of preliminary observations and judgments. As such, they are not for publication and are considered confidential information.