



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 15, 2014

MORGAN CITY HOUSING AUTHORITY

The Morgan City Housing Authority (MCHA) paid almost \$700,000 in improper bonuses and wages in excess of what state Civil Service rules allowed between 2007 and 2014, according to an investigative audit released Monday by Legislative Auditor Daryl Purpera.

The report said the housing authority “improperly paid” employees \$566,544 in bonuses between November 2007 and March 2013 based on a reward policy that was altered by Tori Johnson, the authority’s housing manager.

The state auditor’s report said another \$130,418 was improperly paid by the housing authority to three employees as raises in excess of Civil Service guidelines. The improper raises were paid in six separate increases between May 2009 and June 2014. Some employees received a 20 percent salary increase in a five-month period in 2009, according to the investigative audit.

Auditors said that state Civil Service Commission officials approved a one-time reward payment for classified employees, not to exceed 10 percent of the worker’s annual salary. The payment was to be made to employees between July 2006 and November 2007 for work performed in removing the housing authority from its previous troubled status.

The audit said that the policy was altered to allow bonus payments to be made from July 1, 2006 to “January 1, 9999,” and in an amount not to exceed employees’ annual salaries.

The Civil Service-authorized one-time award to the qualified employees would have totaled \$16,388. However, the authority paid an additional 169 bonus checks totaling \$566,544 based on the altered reward policy. The report said Johnson “acknowledged that she improperly altered the policy without the authorization of Civil Service or approval of the MCHA board.”

“By creating false public records and causing funds to be improperly paid to herself and other MCHA employees, Ms. Johnson may have violated state and federal law” dealing with theft, malfeasance and filing false public records. The employees who received the funds they were not entitled to may also have violated theft and malfeasance statutes, according to the report.

Diana Pace, a housing authority accounting tech, said she issued “all reward payments requested by Ms. Johnson based on the improperly altered policy,” the report said. Payments totaling \$111,657 were paid to Charles Spann, the authority’s executive director, who was not eligible to receive any of the payments because his job was not covered by Civil Service.

Pace received \$137,661 in improper awards; Johnson, who also handled all Civil Service matters, received \$100,041; and housing manager Sandra Greene received \$165,405 in improper rewards,



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

according to the report. Five full-time maintenance employees received \$41,802, and 14 part-time maintenance workers allegedly received \$9,978 in improper payments, auditors said.

The report quotes Johnson as saying that after “numerous rewards were issued,” Spann saw that the “payments were not in line with the policy and directed her to alter it to allow for the rewards that were being disbursed.” The report said Johnson told auditors that Spann and other employees “were primarily responsible for initiating the rewards. . . According to Ms. Johnson, she knew that the rewards were improper and communicated this to Mr. Spann, but he told her to do as he said and he had things under control.”

Spann denied that and said he did not direct Johnson “to alter the policy and was never told that the reward payments or the . . . altered policy were improper,” according to the report.

On the finding concerning improper pay raises, the report said Greene received \$61,756 in excess wages between May 2009 and September 2012; Pace received \$47,965 in excess pay in the same period; and Johnson was paid \$20,697 in excess wages during that period. The Civil Service regulations allowed up to a 5 percent increase, but in most cases the three workers received raises of 4 to 10 percent on each of the six occasions, according to auditors.

Johnson claims Spann or Pace directed her to make the improper pay increases, according to the report. Spann said in the report said that he “was not aware of the 10 percent raises given to office employees.” Pace told auditors that Johnson “initiated all pay increases.”

The report said that for each pay raise, the authority “failed to complete performance evaluations and neglected to report the pay increases to Civil Service as required.” “By initiating unauthorized pay increases, Ms. Johnson caused public funds to be improperly paid to herself and other MCHA employees which may have violated state and federal laws,” including theft, filing false public records and malfeasance.

The state auditor said the report has been turned over to the district attorney for the 16th Judicial District and the United States Attorney for the Western District of Louisiana.

For more information, contact:
Daryl G. Purpera, CPA, CFE
Legislative Auditor
225-339-3800

On Twitter: MCHA paid almost \$700,000 in improper bonuses and wages in excess of what state Civil Service rules allowed.