

WASHINGTON PARISH FIRE PROTECTION DISTRICT No. 7



INVESTIGATIVE AUDIT
ISSUED JULY 27, 2022

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LOUISIANA LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK

July 27, 2022

**SIDNEY WARNER, JR., PRESIDENT
AND MEMBERS OF THE BOARD OF COMMISSIONERS
WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 7**
Bogalusa, Louisiana

We are providing this report for your information and use. This investigative audit was performed in accordance with Louisiana Revised Statutes 24:513, *et seq.* to determine the validity of complaints we received.

The procedures we performed primarily consisted of making inquiries and examining selected financial records and other documents and do not constitute an examination or review in accordance with generally accepted auditing or attestation standards. Consequently, we provide no opinion, attestation, or other form of assurance with respect to the information upon which our work was based.

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,

A handwritten signature in blue ink, appearing to be "Mike Waguespack", written over a horizontal line.

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW/aa

WPF07

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EXECUTIVE SUMMARY

District 7 Secretary Provided Inaccurate and Incomplete Information to Obtain Unemployment Benefits and Received Unemployment Benefits While Actually Employed

Washington Parish Fire Protection District No. 7 (District 7) Secretary Theresa Glenn provided inaccurate and incomplete information to the Louisiana Workforce Commission (LWC) to obtain COVID-19 Pandemic unemployment benefits. LWC paid Ms. Glenn \$28,490 in unemployment benefits from April 13, 2020 to August 4, 2021. Ms. Glenn's unemployment application claimed District 7 laid her off in March 2020 due to COVID-19. However, records we reviewed and witnesses we spoke to indicate Ms. Glenn continued to work for District 7, but was not paid wages from District 7. However, District 7 records further show Ms. Glenn resumed receiving her regular wages in July 2020, but continued to certify for and draw unemployment benefits for nearly 13 more months, until August 4, 2021. It appears District 7 Board of Commissioners (Board) President Sidney Warner, Jr. and Board Secretary Donna Phillips knew Ms. Glenn applied for unemployment benefits, supposedly to save District 7 money, and that Ms. Glenn continued to work for District 7 while receiving unemployment benefits. By providing incomplete and inaccurate information to LWC; allowing Ms. Glenn to receive unemployment benefits while actually employed by District 7; and/or allowing inaccurate information to be provided to LWC, Ms. Glenn, Mr. Warner, and Ms. Phillips may have violated state law.

Ethics – Prohibited Transactions with District 7 Employee

From April 5, 2018 to November 18, 2020, District 7 paid \$11,687 to Elegant Landscaping, a business owned and operated by then-employee Charles Wise. State law prohibits public servants from contracting with and/or participating in transactions involving their governmental entity. Because Mr. Wise contracted with District 7 during his employment, he may have violated the state's ethics laws.

BACKGROUND AND METHODOLOGY

The Louisiana Legislature created Washington Parish Fire Protection District No. 7 (District 7) in 1992, pursuant to Louisiana Revised Statute (La. R.S.) 40:1496.12(F).¹ District 7 is governed by an eight-member Board of Commissioners appointed by the Washington Parish Council and has a full-time paid Fire Chief. District 7 covers 155 square miles in the southeastern corner of Washington Parish, outside the city limits of Bogalusa, Louisiana. District 7 is responsible for maintaining and operating six fire stations and providing fire protection and emergency services to residents within its boundaries.

In January 2022, the Louisiana Legislative Auditor (LLA) received a complaint suggesting District 7's Secretary, Ms. Theresa Glenn, improperly obtained unemployment benefits while working for District 7. LLA initiated this investigative audit to determine the validity of this complaint. The procedures performed during this audit included:

- (1) interviewing District 7 officials and employees;
- (2) interviewing other persons, as appropriate;
- (3) examining selected District 7 documents and records;
- (4) gathering and examining external parties' documents and records; and
- (5) reviewing applicable state laws and regulations.

FINDINGS AND RECOMMENDATIONS

District 7 Secretary Provided Inaccurate and Incomplete Information to Obtain Unemployment Benefits and Received Unemployment Benefits While Actually Employed

Washington Parish Fire Protection District No. 7 (District 7) Secretary Theresa Glenn provided inaccurate and incomplete information to the Louisiana Workforce Commission (LWC) to obtain COVID-19 Pandemic unemployment benefits. LWC paid Ms. Glenn \$28,490 in unemployment benefits from April 13, 2020 to August 4, 2021. Ms. Glenn's unemployment application claimed District 7 laid her off in March 2020 due to COVID-19. However, records we reviewed and witnesses we spoke to indicate Ms. Glenn continued to work for District 7, but was not paid wages from District 7. However, District 7 records further show Ms. Glenn resumed receiving her regular wages in July 2020, but continued to certify for and draw unemployment benefits for nearly 13 more months, until August 4, 2021. It appears District 7 Board of Commissioners (Board) President Sidney Warner, Jr. and Board Secretary Donna Phillips knew Ms. Glenn applied for unemployment benefits, supposedly to save District 7 money, and that Ms. Glenn continued to work for District 7 while receiving unemployment benefits. By providing incomplete and inaccurate information to LWC; allowing Ms. Glenn to receive unemployment benefits while actually employed by District 7; and/or allowing inaccurate information to be provided to LWC, Ms. Glenn, Mr. Warner, and Ms. Phillips may have violated state law.^{2,3,4,5,6,7}

LWC administers unemployment insurance (UI) benefits pursuant to the Louisiana Employment Security Law (La. R.S. 23:1471, *et seq.*). The federal Coronavirus Aid, Relief, and Economic Security Act (H.R. 748, CARES Act, Public Law 116-136) (CARES Act) was signed into law on March 27, 2020. The CARES Act expanded Louisiana's ability to provide UI benefits for many workers adversely impacted by the COVID-19 pandemic. Under the CARES Act, Louisiana claimants eligible for regular UI benefits are also entitled to Federal Pandemic Unemployment Compensation (FPUC), an emergency program established by the CARES Act to increase unemployment benefits by \$600 per week. The CARES Act also established the Pandemic Unemployment Assistance (PUA) to provide unemployment compensation for Louisiana claimants not eligible for regular UI benefits (e.g., self-employed persons, independent contractors, gig economy workers, workers with a limited work history, etc.). Claimants that qualified for PUA benefits were entitled to the \$600 weekly FPUC benefits under the CARES Act.

Applicants for unemployment benefits can create an account and apply for benefits using LWC's online HIRE application. Applicants are required to provide their employment status; former employers; dates of employment for their former employers; the date of layoff, termination, or separation from their former employer; and whether they are able to work and currently seeking employment. Each applicant is required to respond positively to an agreement indicating they certify that the information provided in their claim is true to the best of their

knowledge, and they understand that giving false information can be penalized as perjury. Once eligible for benefits, the applicant must access the applicant's HIRE account weekly to certify that they are able to work, seeking work, would accept work if they were offered a job, and to report all earnings for that week. UI benefits are reduced by the amount of earnings reported, and if the weekly earnings exceed the weekly UI benefit, the applicant is ineligible to receive UI and FPUC benefits for that week. Eligible applicants have the option of receiving their weekly benefits deposited directly to their bank account or loaded onto a debit card mailed to the applicant.

The Board hired Theresa Glenn as part-time secretary in August 2009. As secretary, Ms. Glenn prepared checks, processed payroll, performed other accounting functions, and prepared minutes of Board meetings. In January 2022, LLA received a complaint that Ms. Glenn received unemployment benefits while continuing to work for District 7, not as an employee, but as a volunteer. According to the complaint, Ms. Glenn tracked her time to be paid at a later date. Based on this complaint, we reviewed the unemployment claims filed by Ms. Glenn and compared that information to District 7 payroll and bank records. During our audit, we found Ms. Glenn's unemployment applications claimed District 7 laid her off in March 2020 due to COVID-19. However, District 7 records and statements from persons with whom we spoke indicate Ms. Glenn continued to work for District 7, but deferred receipt of her wages until July 2020. District 7 records further show Ms. Glenn resumed receiving her regular wages in July 2020, but continued to certify for and draw unemployment benefits until August 4, 2021.

Ms. Glenn's Unemployment Applications

LWC records show that Ms. Glenn filed an application for unemployment benefits on March 27, 2020. According to the application, Ms. Glenn worked for District 7 as an administrative assistant earning \$367 per week (21 hours per week at \$17.48 per hour). The application shows Ms. Glenn answered affirmatively that she had received a notice of layoff and that she was filing for unemployment for reasons related to COVID-19. LWC records also included a Notice of Unemployment Claim Filed – Base Period Employer submitted to LWC on April 22, 2020. This form is mailed to employers so they may confirm or dispute details of unemployment claims. The form submitted to LWC showed that Ms. Glenn had been laid off because she was a “non-essential employee due to mandated Covid-19,” that the employer contact was Donna Phillips, and that the contact phone number was Ms. Glenn's personal cellphone number.

LWC notified Ms. Glenn in December 2020 and February 2021, by mail, that her benefits were ending and new claims (applications) would need to be filed if she was still unemployed. Ms. Glenn subsequently filed new applications that indicated she was not working due to COVID-19 and then continued to receive unemployment benefits. LWC records show Ms. Glenn received \$28,490 in gross benefits from April 13, 2020 to August 4, 2021. Her net benefits, totaling \$25,620, were direct deposited into her bank account. According to her LWC claim file, Ms. Glenn reported no earnings to LWC during the period she received unemployment benefits and continued to certify on a weekly basis that she was unemployed, able to work, and seeking employment.

Ms. Glenn Continued to Work While She Received Unemployment Benefits

Subsequent to filing for unemployment benefits on March 27, 2020, it appears Ms. Glenn sent a text message to at least one District 7 employee on April 1, 2020, which stated the following:

Well guys, it's been real and it's been fun, just hadn't been "real fun". I am now furloughed and have filed for unemployment. When/if you see me it will be VOLUNTEERING my time for PTO to use later in the year if we all survive. I am still available to help and answer questions as needed. I will be continuing payroll, board of directors duties and monthly bills. I am still just a phone call away.

Although Ms. Glenn continued to work for District 7, she did not complete time sheets and did not issue herself paychecks from March 30, 2020 to July 5, 2020. District 7 records show that Ms. Glenn began completing time sheets and issuing herself paychecks for the pay period beginning July 6, 2020, and continued to do so through August 4, 2021, when her unemployment benefits ended. In addition, we found that Ms. Glenn's time sheets/paychecks for the pay periods July 6, 2020 through October 11, 2020, included her hours worked, as well as 145 PTO hours previously worked by Ms. Glenn during the period she claimed to have been furloughed (March 30, 2020 to July 5, 2020). As such, it appears that Ms. Glenn was still employed and being paid by District 7 while she received unemployment benefits totaling \$28,490 from April 13, 2020 to August 4, 2021.

We spoke with Board President Sidney Warner, Jr. and Ms. Glenn's supervisor, Board Secretary Donna Phillips, who both told us Ms. Glenn filed for unemployment to save District 7 money. Mr. Warner stated that the Board did not vote to layoff Ms. Glenn and that she continued to work while on unemployment. Mr. Warner stated Ms. Glenn told him she would track her hours to receive compensatory time or deferred hours, and that Ms. Glenn, Ms. Phillips, and everyone knew that she would be reimbursed for those hours. Ms. Phillips told us Ms. Glenn continued to work voluntarily, and Ms. Phillips was unaware that Ms. Glenn simultaneously received unemployment benefits and District 7 wages. Ms. Phillips told us she did not review Ms. Glenn's time sheets prior to signing several of Ms. Glenn's payroll checks, which included PTO hours.

Ms. Glenn told us she approached Donna Phillips after the pandemic started and asked to reduce her hours to save District 7 money, which Ms. Phillips agreed to. Ms. Glenn told us she prepared the Notice of Unemployment Claim Filed – Base Period Employer submitted to LWC which stated she was laid off, but the Board did not vote to layoff or furlough her. Ms. Glenn told us she recorded hours she worked while supposedly furloughed to be paid out later and the PTO hours marked on her time sheets were credits for those previously worked hours. Ms. Glenn acknowledged that she filled out weekly certifications to receive benefits and that she did not report any earnings to LWC.

Conclusion

District 7 Secretary Theresa Glenn provided inaccurate and incomplete information to LWC to obtain COVID-19 Pandemic unemployment benefits. LWC paid Ms. Glenn \$28,490 in unemployment benefits from April 13, 2020 to August 4, 2021. Ms. Glenn's unemployment application claimed District 7 laid her off in March 2020 due to COVID-19. However, records we reviewed and witnesses we spoke to indicate Ms. Glenn continued to work for District 7, but was not paid wages from District 7. However, District 7 records further show Ms. Glenn resumed receiving her regular wages in July 2020, but continued to certify for and draw unemployment benefits for nearly 13 more months, until August 4, 2021. It appears District 7 Board President Sidney Warner, Jr. and Board Secretary Donna Phillips knew Ms. Glenn applied for unemployment benefits, supposedly to save District 7 money, and that Ms. Glenn continued to work for District 7 while receiving unemployment benefits. By providing incomplete and inaccurate information to LWC; allowing Ms. Glenn to receive unemployment benefits while actually employed by District 7; and/or allowing inaccurate information to be provided to LWC, Ms. Glenn, Mr. Warner, and Ms. Phillips may have violated state law.^{2,3,4,5,6,7}

Recommendations

We recommend that District 7 management implement detailed written policies and procedures to ensure that accurate and complete information is provided to LWC regarding the employment status of all District employees. Further, we noted that District 7 does not report quarterly wages paid to its employees to LWC as required by Louisiana Administrative Code Title 40, Part IV, §377(A). As such, we recommend that District 7 report quarterly wages paid to its employees as required by the Louisiana Administrative Code. We also recommend that District 7 require all employees to complete time sheets that are reviewed and approved by an appropriate supervisor.

Ethics – Prohibited Transactions with District 7 Employee

From April 5, 2018 to November 18, 2020, District 7 paid \$11,687 to Elegant Landscaping, a business owned and operated by then-employee Charles Wise. State law prohibits public servants from contracting with and/or participating in transactions involving their governmental entity. Because Mr. Wise contracted with District 7 during his employment, he may have violated the state's ethics laws.^{8,9}

Louisiana Revised Statute (La. R.S.) 42:1113(A)(1)(a) provides, in part, that, “[n]o public servant...shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant.” La. R.S. 42:1112(A) further provides, in part, that, “[n]o public servant...shall participate in a transaction in which he has a personal substantial economic interest of which he may be reasonably expected to know involving the governmental entity.”

Records indicate that Charles Wise was employed as a paid, part-time firefighter by District 7 from October 2016 to October 2020, when Mr. Wise left employment to join the

Board. While employed by District 7, Mr. Wise contracted to perform lawn care services for District 7. From April 5, 2018 to November 18, 2020, the District issued payments totaling \$11,687 to Mr. Wise's business, Elegant Landscaping,^A for lawn care services. Mr. Wise told us he did not realize he was prohibited from contracting with District 7 because he was a part-time employee. He said he believed the state's ethics laws only applied to full-time employees and that he ended the contract when he was appointed to the Board. Because Mr. Wise contracted with the District during his employment, he may have violated the state's ethics laws.^{8,9}

Recommendations

We recommend the District consult with its legal counsel and the Louisiana Board of Ethics to ensure compliance with the state's ethics laws regarding transactions between the District and its employees. The District should also adopt policies and procedures requiring all employees to complete the annual ethics training in accordance with La. R.S. 42:1170.

^A Although the District issued checks to Elegant Landscaping, the invoices submitted for lawn services were in the name of Elegant Land Management, LLC. We searched the Louisiana Secretary of State (SoS) website and found that Elegant Land Management, LLC is not registered with SoS.

LEGAL PROVISIONS

¹ **La. R.S. 40:1496.12(F)** states, “Notwithstanding the provisions of R.S. 40:1495 and 1496, the board of commissioners of the Fire Protection District Number Seven of Washington Parish is hereby created. The board of commissioners shall perform all duties, functions, and powers provided in this Part and shall be responsible for the operation and maintenance of the district. The board shall consist of not more than eight members appointed by the governing authority of Washington Parish. Each member shall be an elector of Washington Parish and a resident of the district. The commissioners shall receive compensation as provided by R.S. 40:1498 and shall serve at the pleasure of the governing authority of Washington Parish. All funds of the Fire Protection District Number Seven of Washington Parish shall be administered by the board of commissioners.”

² **La. R.S. 14:26(A)** states, “Criminal conspiracy is the agreement or combination of two or more persons for the specific purpose of committing any crime; provided that an agreement or combination to commit a crime shall not amount to a criminal conspiracy unless, in addition to such agreement or combination, one or more of such parties does an act in furtherance of the object of the agreement or combination.”

³ **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.”

⁴ **La. R.S. 14:70.8(A)** states, “Whoever with intent to defraud either transmits, attempts to transmit, causes to be transmitted, solicits a transmission, or receives a transmission, by wire or radio signal, any stolen or fraudulently obtained monetary funds shall be imprisoned, with or without hard labor, for not more than ten years, or fined not more than one hundred thousand dollars, or both.”

⁵ **La. R.S. 14:70.9(A)** states, “The crime of government benefits fraud is the act of any person who, with intent to defraud the state or any person or entity through any government benefits administered by any state department, agency, or political subdivision, does any of the following: (1) Presents for allowance or payment any false or fraudulent claim for furnishing services, merchandise, or payments. (2) Knowingly submits false information for the purpose of obtaining greater compensation than that to which he is legally entitled for furnishing services, merchandise, or payments. (3) Knowingly submits false information for the purpose of obtaining authorization for furnishing services, merchandise, or payments. (4) Knowingly makes or causes to be made a false statement or representation of material fact on an application or form for assistance, goods, services, or payments when the false statement or representation is made for the purpose of determining the person's eligibility to receive benefits or payments. (5) Knowingly conceals or fails to disclose any material fact affecting the applicant's or recipient's initial or continued eligibility to receive benefits or payments.”

⁶ **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.”

⁷ **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.”

⁸ **La. R.S. 42:1113(A)(1)(a)** states, “No public servant, excluding any legislator and any appointed member of any board or commission and any member of a governing authority of a parish with a population of ten thousand or less,

or member of such a public servant's immediate family, or legal entity in which he has a controlling interest shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant.”

⁹ **La. R.S. 42:1112(A)** states, “No public servant, except as provided in R.S. 42:1120, shall participate in a transaction in which he has a personal substantial economic interest of which he may be reasonably expected to know involving the governmental entity.”

APPENDIX A

Management's Response



Knight Law Office, LLC.
1073 Cleveland Street
Franklinton, LA. 70438
Phone: 985-795-9200
Fax: 985-795-9201

July 25, 2022

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Re: Washington Parish Fire Protection District No. 7
Investigative Audit Report

Dear Mr. Waguespack:

I have been obtained as legal counsel for the Washington Parish Fire Protection District No. 7 as their former counsel, Mr. Richard Watts has retired. The Board of Directors for the WPF#7 would like to respond to the Investigative Audit Report as stated hereinbelow.

The only material fact that appears to need correction is that the Board of Directors for the Washington Parish Fire Protection District No. 7 sought legal advice from Mr. Watts, legal counsel for WPF#7 at the time, regarding the hiring of Charles Wise to for law care services.

The Board of Directors was advised that there would not be any Ethics Violation because Charles Wise had no access to the money for the fire department and had no decision-making power or influence at that time. If report is going to be made public knowledge, the Board feels that this needs to be added to the report.

The Board of Directors would like to thank you for your courtesies extended.

Regards,

James S. Knight

JSK/dma
Enclosure

APPENDIX B

Donna Phillips' Response

From: Donna Lambert [REDACTED]
To: [REDACTED]
Date: 07/12/2022 02:16 PM
Subject: Re: Washington Parish Fire Protection District 7

I believe this is correct. I have no knowledge of any additional issues.

Thanks,
Donna

On Tue, Jul 12, 2022 at 1:05 PM [REDACTED] wrote:
Good afternoon,

Attached is a draft of our investigative audit report on Washington Parish Fire Protection District 7 which references you.

If you choose to respond to the report, please do so no later than noon on Tuesday, July 26, 2022.

(See attached file: Exit Letter - Donna Phillips.pdf)

Kindest regards,

[REDACTED]
Administrative Assistant
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, La 70804-9397
[REDACTED]

--

Donna Phillips
[REDACTED]



[REDACTED] 1A783844.jpg