



LOUISIANA LEGISLATIVE AUDITOR  
MICHAEL J. "MIKE" WAGUESPACK, CPA

November 8, 2021

The Honorable David Amrhein, Mayor  
And Members of the Council  
City of Zachary  
4700 Main Street  
Zachary, LA 70791

Dear Mayor Amrhein:

As you know, my Investigative Auditors visited the City of Zachary (City) to examine certain records. This letter briefly summarizes the results of our work. We stress the importance of addressing these issues and encourage you to consider our recommendations as you work to resolve the issues identified below.

**No Written Contracts for Services Provided**

The City paid two vendors \$4,141,604 to perform maintenance and utility services<sup>1</sup> from July 2019 to May 2021. Eighty-five percent (\$3,521,007) of those services were provided without benefit of a written contract. The following chart summarizes amounts paid by the City over the 23-month period and shows which services were provided under a written contract and which were not.

Services Billed July 1, 2019 to May 31, 2021		
Services Provided	Amount Received	Written Contract
Utility Locates	\$373,063	YES (2014 automatically renewable contract)
Gas Meter Reading	\$247,534	YES (2017 proposal)
Water Meter Reading	\$247,534	NO
Utility Maintenance and Repair/Equipment Repair	\$2,417,774	NO
Lift Station and Water Well Maintenance and Repair	\$855,699	NO
Source: City of Zachary's records		

<sup>1</sup> These maintenance and utility services included utility location, gas and water meter reading, utility maintenance and equipment repair, lift station and water well maintenance and repairs, etc.

## Utility Locates

The Louisiana Underground Utilities and Facilities Damage Prevention Law [Louisiana Revised Statute (La. R.S.) 40:1749.11, *et seq.*] requires persons who are excavating or demolishing to call the regional notification center (Louisiana One Call) at least two full business days before beginning their work. Louisiana One Call arranges for underground facilities and utilities<sup>2</sup> to be located and marked. The City contracted with a vendor in October 2014 to provide the City's utility location services. This contract included the following clause: "*Absent termination in the manner referenced above, the contract shall be automatically renewed on an annual basis...*"

The City and the vendor receive notifications from Louisiana One Call regarding utility locates. The vendor obtains tickets from the Louisiana One Call website and completes the location services. Once completed, the vendor files the locate tickets in its filing cabinet at the City's utility department and files a weekly ticket report in a City filing cabinet, also at the City's utility department.

Although not mentioned in the October 2014 contract, the City provided City-owned vehicles for the vendor's employees to use when performing the utility location service. The vendor provided certificates of insurance to the City that listed the City as the certificate holder (beneficiary) should the City vehicle require an insurance claim. In addition, there was no maximum dollar amount specified in the contract.

## Meter Reading

The City offers gas service to its residents. Each resident or business that uses the gas service has a meter attached to its property to allow the City to measure the quantity of gas used so it can be invoiced to the customer. The City uses a vendor to read the gas meters.

The City provided a January 2017 proposal signed by the Mayor from a vendor to read and maintain the City's gas meters. The proposal specified a \$25 per hour rate of pay and that the City provide all equipment; however, there was no requirement for the vendor to provide its own insurance for its use of City-owned equipment. The vendor provided certificates of

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<sup>2</sup> La. R.S. 40:1749.12 "(17) 'Service line or lines' means underground facilities or utilities which provide power, gas, natural gas, communication, or water capabilities to a building or structure or buildings or group of structures. (18) 'Underground facility or utility' means any pipe, conduit, duct, wire, cable, valve, line, fiber optic equipment, or other structure which is buried or placed below ground or submerged for use in connection with storage, conveyance, transmission or protection of electronics communication system, telephone or telegraph system, or fiber optic, electric energy, oil, natural gas, gases, steam, mixture of gases, petroleum, petroleum products, hazardous or flammable fluids/gases, toxic or corrosive fluids/gases, hazardous fluids/gases or other substances of like nature or water or water systems, sewer systems or traffic, drainage control systems, or other items of like nature."

insurance to the City that listed the City as the certificate holder (beneficiary) should the City vehicle require an insurance claim.

In addition to gas service, the City provides water and sewer service to its residents. Each resident or business that uses the water and sewer service has a meter attached to their property to allow the City to measure the quantity of water used so it can be invoiced to the customer. The sewer usage is determined by the water meter reading. The City used the same vendor that read its gas meters to read its water meters. However, the City did not have a contract with the vendor for the additional work.

### **Utility and Equipment Maintenance and Repair**

The City paid a vendor \$2,417,774 to perform a variety of services for the City, including replacing fire hydrants, repairing water and gas leaks, and repairing other City equipment (e.g., City vehicles, backhoe, etc.) without a written contract for services.

### **Lift Station and Water Well Maintenance and Repair**

The City paid a vendor \$855,699 to maintain and repair its sewer lift stations and water wells, again without benefit of a written contract with the vendor. The City also provided a City-owned vehicle for the vendor's employees to use when performing the maintenance and repair services. The vendor provided certificates of insurance to the City that listed the City as the certificate holder (beneficiary) should the City vehicle require an insurance claim.

### **Inadequate Review of Vendor Invoices Prior to Payment**

The vendor's invoices for the utility location services were for 120 hours per week for three employees. The vendor provided employee time sheets to us for the location services, but said some of the hours worked for those three employees could be for other types of work the vendor performed for the City. The City did not require the vendor to submit time sheets or activity reports for location services and did not confirm the hours invoiced to the City were correct prior to payment. Further, the City does not review or reconcile the location service tickets or weekly ticket reports to invoices to confirm the work was completed.

We also reviewed several City records related to the vendor's utility maintenance and repair work. The City's records included a copy of the check, the invoice, and the purchase order. However, some purchase orders were issued by the City after the vendor's work was completed and after the City had received the invoice.

### Recommendations

We recommend the City:

- (1) Require vendors that provide services to the City to sign written contracts that document all of the terms and conditions between the City and vendors, thereby preventing misunderstandings between the parties and minimizing the City's liability;
- (2) Advertise and obtain periodic proposals for service contracts to determine the best vendor to use for outsourced City services;
- (3) Require vendors to submit detailed invoices, including time sheets and activity records, for work performed on an hourly basis;
- (4) Reconcile the vendor's invoices, time sheets, and activity records to work orders to ensure the work was complete and authorized prior to payment; and
- (5) Issue purchase orders to authorize the vendor to perform services and ensure availability of funds.

This correspondence represents our findings and recommendations, as well as management's response. This correspondence is intended primarily for the information and use of management of the City of Zachary. I trust this information will assist you in the efficient and effective operations of the City of Zachary. If you have any questions, please contact Kevin Kelley or Corey Lejeune at (225) 339-3800.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

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## APPENDIX A

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### Management's Response





October 26, 2021

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

Re: City of Zachary; Louisiana Legislative Auditor; October 19, 2021- Investigation Letter Report Response

Dear Mr. Waguespack,

On behalf of the City of Zachary (the "City"), I am responding to the Investigation Letter Report ("ILR") of your office that was received by the City on October 19, 2021. Thank you for the opportunity to do so. We would respectfully request that this response be included in any published report in connection with this investigation or the ILR.

The City sought and received maintenance and utility services from several third-party vendors during a period of July 2019 to May of 2021 in which three (3) of the designated services were not covered by an express written contract. At issue were "Water Meter Reading; Utility Maintenance and Repair/Equipment Repair; and Lift Station and Water Well Maintenance and Repair".

In the ILR, your office made five (5) recommendations in connection with the management of the provision of services of these third-party vendors. I would like to address each of these recommendations separately and do so in the order presented in the ILR:

1. Signed written contracts documenting the terms and conditions of the agreements between the City and those who are currently providing "Water Meter Reading; Utility Maintenance and Repair/Equipment Repair; and Lift Station and Water Well Maintenance and Repair" services have been obtained. Further responding to this recommendation, even where there was no specific written contract in place, the City employed specific pricing sheets for the descriptive tasks and materials sought to be provided which had been previously agreed to by the third-party vendors.
2. The City has utilized Request for Proposals (RFP) for certain other vendor contracts in the past and will consider the RFP practice for other outsourced City services as the situation allows.

A.1

**MAYOR: DAVID AMRHEIN**

COUNCIL:  
FRANCIS NEZIANYA | DISTRICT 1

JOHN LEBLANC | DISTRICT 2  
LAURA O'BRIEN | DISTRICT 3

HUNTER LANDRY | DISTRICT 4  
LAEL MONTGOMERY | DISTRICT 5


3. Procedures for the receipt of detailed invoices, including timesheets and work records showing the work and the time have been implemented since the period of the investigation and issuance of the ILR.
4. Although existing procedures for the reconciliation of vendor's invoices have been in place, the City has implemented an improved reconciliation process that addresses invoicing, timekeeping and activities since the period of the investigation and issuance of the ILR.
5. The City will reevaluate the practice of requiring purchase orders to authorize third party vendor services and will consider the nature of the workflow and provision of the same.

The City always seeks to provide the maximum infrastructural services to its citizens. The balance is always the manner in which the costs of the provision of such services and materials must be viewed in light of and consideration of the timing and quality of the delivery of that service or material.

Please do not hesitate to contact me, if I can be of any assistance or answer any question regarding this matter.

Sincerely,

City of Zachary

By:   
David Amrhein, Mayor

xc: Roger W. Harris JD, CCEP CFI (via email)  
John C. Hopewell, III – Zachary City Attorney (via email)  
Deanna Mankins – CFO, City of Zachary (via email)  
Lael Montgomery – Zachary Mayor Pro Tempore (via email)