

CITY OF SHREVEPORT

INVESTIGATIVE AUDIT SERVICES

Issued OCTOBER 6, 2022

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

ASSISTANT LEGISLATIVE AUDITOR FOR INVESTIGATIONS
ROGER W. HARRIS, J.D., CCEP, CFI

INVESTIGATIVE AUDIT SENIOR MANAGER
KEVIN P. KELLEY, M.B.A., CPA, CFE

INVESTIGATIVE AUDIT TEAM
COREY LEJEUNE, M.B.A.
TRACY TERCZYNSKI, CISA, CFE

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and online at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 2199 or Report ID No. 50220005 for additional information.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Two copies of this public document were produced at an approximate cost of \$1.00. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Jenifer Schaye, General Counsel, at 225-339-3800.

October 6, 2022

**THE HONORABLE ADRIAN PERKINS, MAYOR,
AND MEMEBERS OF THE CITY COUNCIL
CITY OF SHREVEPORT**
Shreveport, 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 1st Judicial District of Louisiana and others as required by law.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW:aa

CITY OF SHREVEPORT



TABLE OF CONTENTS

	Page
Executive Summary	2
Background and Methodology	3
Findings and Recommendations:	
City’s Purchase of Insurance Did Not Comply with City Charter or City Policy	4
Mayor’s Travel.....	7
Legal Provisions	11
Management’s Response.....	Appendix A
City Risk Manager’s Response.....	Appendix B

EXECUTIVE SUMMARY

City's Purchase of Insurance did not Comply with City Charter or City Policy

Prior to Mayor Adrian Perkins' installation on December 29, 2018, the City of Shreveport (City) risk services department changed the agent of record (AOR) for the City's excess workers' compensation insurance policy at the request of a member of the mayor-elect's transition team. After Mayor Perkins took office, the City also changed the AOR for its property insurance. Although required by the City Charter, the workers' compensation insurance coverage amount was not approved by the City Council. In addition, changes of the AOR occurred without a request for proposal as required by the City's purchasing policy.

Mayor's Travel

Mayor Perkins took 23 trips, totaling \$35,845, from January 1, 2019 to December 31, 2021. Sixteen of the trips included expenses, totaling \$3,210, that may have violated City of Shreveport travel and procurement and travel card policies and procedures. In addition, 16 of the Mayor's 23 travel expense statements (69.7%) were completed between 31 and 101 days after the event.

BACKGROUND AND METHODOLOGY

The City of Shreveport (the "City") is located in Caddo Parish and has a population of 187,593 (2020 Census). The City was incorporated in 1839 and adopted its current City Charter in May 1978, which established a mayor-council form of government. The City's Mayor and seven elected Council members serve four-year terms. The City provides a full range of municipal services as authorized by the Charter, which includes police and fire protection, emergency medical services, public works (streets and waste collection), public improvements, water and sewer services, parks and recreation, planning and zoning, public transportation, social, cultural, and general administrative services.

We began our audit after receiving numerous complaints regarding the City's operations. The procedures performed during this audit included:

- (1) interviewing employees and officials of the City of Shreveport;
- (2) interviewing others, as appropriate;
- (3) examining select documents and records of the City of Shreveport and third parties;
- (4) reviewing the City of Shreveport's Charter and policies; and
- (5) reviewing applicable state laws and regulations

FINDINGS AND RECOMMENDATIONS

City's Purchase of Insurance did not Comply with City Charter or City Policy

Prior to Mayor Adrian Perkins' installation on December 29, 2018, the City of Shreveport (City) risk services department changed the agent of record (AOR) for the City's excess workers' compensation insurance policy at the request of a member of the mayor-elect's transition team. After Mayor Perkins took office, the City also changed the AOR for its property insurance. Although required by the City Charter,¹ the workers' compensation insurance coverage amount was not approved by the City Council. In addition, changes of the AOR occurred without a request for proposal as required by the City's purchasing policy.²

The City of Shreveport is self-insured for some losses, meaning it provides coverage for losses directly rather than purchasing insurance from an insurer to cover those losses, such as workers' compensation and property damage. The City has specified dollar amounts for its self-insurance program and purchases excess insurance coverage for claims that exceed those specified dollar amounts. The City's risk manager began employment with the City in 2012. She told us the last time the City changed its workers' compensation and real property insurance vendors was 2006. Since then, the City simply renewed its existing coverage when it expired.

The City Charter¹ provides that the Director of Finance, under the supervision of the Chief Administrative Officer (CAO), shall supervise and direct the placing of all types of insurance carried by the City where the premiums in whole or in part are paid by the City, or the premiums in whole or in part are withheld through the payrolls. In addition, the Charter specifies the amount of all types of insurance on which the City pays the premiums in whole or in part shall be approved by the Council after a recommendation by the Mayor.

Finally, the City's Purchasing policy² requires Consulting, Insurance and other Services to be obtained through the Purchasing Division using a Request for Proposals (RFP) process when the contract amount is expected to be \$10,000 or more, unless written approval of an alternate method is provided by the CAO.

The City purchases its insurance through an agent of record. The agent of record (AOR) is an "individual or company authorized to represent an insured in the purchase, servicing, and maintenance of insurance coverage with a designated insurer."^A The AOR typically places the insured's coverage with a third-party party, but does not provide the insurance coverage. Insurance coverage is provided by insurers that have a relationship with the AOR. The AOR typically quotes a total

^A This definition was taken from the International Risk Management Institute, Inc. at irmi.com on September 6, 2022.

price to the City that includes the AOR's fee. Once paid, the agent receives a fee from the insurance provider.

Excess Workers Compensation Insurance

The City is self-insured for workers' compensation up to \$750,000 and purchases excess workers' compensation insurance for any claims over \$750,000. The City's insurance coverage for its excess workers' compensation, through then-AOR, Risk Services of Louisiana, Inc. (Risk Services), was set to expire on January 1, 2019. The City's Risk Manager signed the excess workers' compensation renewal and binder agreements prepared by the City's AOR, Risk Services, on December 10, 2018. The premium for the excess workers' compensation was \$542,082. The City's practice at the time was to renew its existing coverage and not to advertise through an RFP for policies exceeding \$10,000, as required by the City's purchasing policy.² Moreover, the City's minutes do not show Council approval of the amount of insurance as required by the City Charter.¹

The City's risk manager, Ms. Evelyn Kelly, told us that before Mayor-elect Perkins took office on December 29, 2018, Ms. Shanerika Flemings^B verbally directed Ms. Kelly to change the AOR from Risk Services to 3rd Millennium Insurance and Financial Services, Inc. (3rd Millennium) for the excess workers' compensation policy.^C Mr. Roddrelle Sykes, who was an employee of the Frost Insurance Agency, Inc. (Frost Insurance) at the time, sent an AOR change letter to Ms. Kelly and asked her to put the letter on City letterhead and send it to the insurance provider. On December 28, 2018, Ms. Kelly forwarded the letter to another City employee and asked her to put the letter on City letterhead for Ms. Kelly's signature. Later that same day, Ms. Kelly received an email from Risk Services stating they were advised of an AOR letter signed by Ms. Kelly to move the excess workers' compensation policy.

Ms. Flemings said Mayor-elect Perkins told her who he wanted as the AOR, and Ms. Flemings relayed that information to Ms. Kelly. Mayor Perkins told us that the City used the same insurance agents for a long time, and he wanted to make a change to help the City. He said that he wanted to hire local agents and have a competitive process, which he expressed to his team, but he was not involved in the selection. The Mayor also told us he had known Mr. Sykes personally for a long time.

Ms. Sherricka Jones, then CAO, told us Mayor-elect Perkins gave her Mr. Sykes' name and directed that he be selected as the AOR. Ms. Jones also told us she did not understand the changes and spoke to Mayor-elect Perkins several times with questions about the changes. Ms. Jones found out that the AOR changes

^B Ms. Flemings was part of Mayor-elect Perkins' transition team and is currently employed by the City as Mayor Perkins' Executive Counsel.

^C There were six additional insurance policies effective between January 1, 2019 through April 1, 2019, that were affected by this decision that changed the AOR to 3rd Millennium without a request for proposal.

had already happened when Risk Services (the former AOR) requested an explanation for the changes.

Property Insurance

The City's insurance coverage for its property, through its AOR at the time, Arthur J. Gallagher Management Services, Inc. (Gallagher), was expiring on March 20, 2019. The City purchased three layers of property coverage from its AOR, Frost Insurance. The primary policy cost the City \$627,989 and became effective on March 20, 2019. The second layer cost \$112,976 and became effective the same day. The third and final layer cost \$173,500 and was effective on April 20, 2019. Each layer is for a one-year term and expired on March 20, 2020.

The City obtained this insurance coverage and changed its AOR without advertising an RFP as required by the City's purchasing policy.² The City's minutes show the Council's approval on April 15, 2019; however, this approval came 25 days after the effective date of the insurance coverage, but before the City had paid the premium, which may violate the City Charter.¹ The City paid \$740,965 of insurance premiums to Frost Insurance on April 16, 2019, and another \$173,500 on May 16, 2019.

Ms. Kelly told us Ms. Flemings verbally directed her to change the AOR for the City's property insurance from Gallagher to Frost Insurance.^D Mr. Roddrelle Sykes was an employee of Frost Insurance and presented policies to the City administrative staff. Ms. Flemings told us she does not recall how Frost Insurance was selected as AOR for the City's property insurance, but was instructed by the Mayor who he wanted as AOR and relayed that information to Ms. Kelly.

Ms. Jones also said that Mayor Perkins gave her Mr. Sykes' name and directed he be used as the AOR for the City's property insurance. Ms. Jones also told us she did not understand or agree to the change to use Frost Insurance, but she followed the Mayor's instructions and directed Ms. Kelly to use Frost Insurance (Mr. Sykes' employer). Mayor Perkins told us that he directed staff to use someone local, that the selection should be competitive, and that he was not involved in the selection.

Ms. Kelly told us that Mr. Sykes presented two options for the City's property insurance to Ms. Flemings, Mayor Perkins, the CAO, the Director of Finance, and her, and that the group unanimously chose the lower dollar amount of coverage for the property insurance. The second, higher level of coverage was not added until a later date when the City Council requested additional coverage. Mr. Sykes did not respond to our request for an interview.

Once the property insurance was placed on March 20, 2019 and April 20, 2019, Frost Insurance billed the City \$914,465 for the insurance policies and

^D There were eight additional insurance policies effective between March 17, 2019 through March 26, 2019, that were affected by this decision that changed the AOR to Frost Insurance without a bid.

\$250,000 in the form of a service fee. The City Council held a special meeting on April 15, 2019, to address the City's insurance. The minutes show the City Council approved the two property insurance policies, but did not approve payment of the \$250,000 service fee for Frost Insurance and advised that the fee should not be paid without adequate documentation, justification, and approval by the Council.

However, on April 23, 2019, the City issued a check for \$250,000 to Frost Insurance without receiving Council approval for the payment. Ms. Jones, CAO at the time the payment was made, emailed Ms. Kelly and informed her the City's legal department had advised the payment should be made since the City received services. Ms. Mekisha Creal, former City Attorney, told us that payment was recommended since the City had received the services and would otherwise be sued for failure to pay for services rendered (property insurance).

Because it appears the City changed the AOR and insurance policies for its workers' compensation and property insurance at the Mayor-elect's, and later, the Mayor's direction, but did not advertise for RFP's or obtain Council approval for the workers' compensation policy, the Mayor may have violated the City purchasing policy.²

Mayor's Travel

Mayor Perkins took 23 trips, totaling \$35,845, from January 1, 2019 to December 31, 2021. Sixteen of the trips included expenses, totaling \$3,210, that may have violated City of Shreveport travel and procurement and travel card policies and procedures. In addition, 16 of the Mayor's 23 travel expense statements (69.7%) were completed between 31 and 101 days after the event.

The City of Shreveport has two methods to pay for travel expenses: reimbursement after an employee submits an expense report; or a City-sponsored credit card for select employees. In both cases, City policy³ requires the traveler to submit a Travel Expense Statement, with "all necessary supporting receipts" as soon as possible after the traveler returns to Shreveport. The policy⁴ also specifies that "No traveler shall be reimbursed for any travel expenses if the Travel Expense Statement for a trip is filed more than thirty (30) days after the completion of the trip." Mayor Perkins uses a City travel card to pay for his travel expenses. The Travel Expense Statements for 16 of his 23 trips, totaling \$26,547, were filed between 31 and 101 days after the end of the trip.

The Mayor's travel-related expenses purchased with a City travel card for 23 trips from January 1, 2019 through December 31, 2021, totaled \$35,845. The Mayor's travel is summarized in the table below.

Destination	Date	Purpose	Trip Costs
Washington DC	01/23/2019-01/27/2019	U.S. Conference of Mayors	\$3,972
Washington DC	01/30/2019-02/03/2019	Legislative and economic development luncheon	3,798
Austin, TX	03/06/2019-03/11/2019	The Mayor's Summit at South by Southwest	3,454
Baton Rouge	04/14/2019-04/16/2019	North West Louisiana legislative session meetings	344
Houston, TX	04/23/2019-04/27/2019	African American Mayors Association Annual Conference	1,992
New York, NY	04/29/2019-05/05/2019	U.S. Conference of Mayors - Leadership Institute on Smart Cities	2,114
New York, NY	05/15/2019-05/16/2019	Speak at the Syracuse Maxwell School	86
New York, NY	06/03/2019-06/05/2019	Speak at Yale School of Management	908
Los Angeles, CA	06/16/2019-06/18/2019	Speak at Sidley Austin (law firm)	1,331
Honolulu, HI	06/28/2019-07/01/2019	US Conference of Mayors	1,180
Monroe, LA	08/03/2019	Louisiana Municipal Association Convention	300
Shreveport, LA	10/30/2019-10/31/2019	Talk with FAA about airport leases	82
Washington DC	01/21/2020-01/26/2020	US Conference of Mayors	6,063
New Orleans	04/22/2021-04/23/2021	Visit Real Time Crime Centers	765
New Orleans	06/4/2021-06/5/2021	Gain knowledge on rail transportation	580
Miami, FL	06/18/2021-06/22/2021	Learn about the use of crypto currency in from Mayor of Miami	867
Washington DC	08/11/2021-08/14/2021	Meeting with White House Staff to discuss ways to gain funds for the city	1,663
Austin, TX	08/30/2021-09/1/2021	Discuss ways to improve Shreveport with Mayor of Austin and Dell Governmental Affairs	785
Los Angeles, CA	09/1/2021-09/5/2021	Recruit businesses to develop in Louisiana	2,208
San Francisco, CA	09/16/2021-09/21/2021	Conference to learn how to build digital resilience	1,019
Denver, CO	10/21/2021-10/22/2021	National Nonpartisan Conversation on Voter Rights	288
Birmingham, AL	10/29/2021-10/31/2021	Mayoral forum with Mayors of Jackson and Birmingham to discuss public safety	623
Washington DC	11/15/2021-11/20/2021	New Deal Conference	1,423
TOTAL			\$35,845

The Mayor told us the City does not have a lobbyist, so he travels to represent the City. He also said his assistant handles all of his travel, he is not good at keeping receipts, and he has never reviewed his City travel card statements. City policy⁵ requires each cardholder to obtain a receipt at the time of purchase.

Sixteen of the trips included expenses, totaling \$3,210, that may have violated City of Shreveport travel and procurement policies and procedures.^{3,4,6,7} Mayor Perkins reimbursed the City \$681 for some of the travel procurement policy and procedure violations. The remaining violations are as follows:

- (1) Ten missing receipts totaling \$1,196^E;
- (2) Six business meals, totaling \$608, where the records did not show who attended the meal or the business purpose for the event;
- (3) Seven lodging charges where the total cost exceeded the per diem rate by \$592 without the documented reason; and
- (4) Two reimbursements, totaling \$133, for expenses the Mayor paid personally even though the late filing (36 and 80 days) of his Travel Expense Statements should have prohibited reimbursement.

City policy⁶ allows for business meals but requires a receipt to show who attended the meal and the business purpose for the event. For example, Mayor Perkins charged a business meal during his trip to Washington D.C., and he turned in a receipt; however, the receipt said "Dinner with White House Staff," but did not name the person or the purpose of the event.

City policy⁷ also requires the Mayor's approval when executive branch employees request lodging above the per diem rates established by the General Services Administration; however, there must be documented reasons when no adequate lodging is available at the per diem rate. For example, Mayor Perkins traveled to New Orleans where the per diem rate for lodging was \$158 per night. The Mayor's travel expense statement shows his lodging cost \$200 per night. The travel expense statement included a handwritten note that says "No adequate lodging available" but does not provide a documented reason as is required by the City's travel policy. The other six instances were between \$41 and \$133 over per diem, but the travel expense statement did not address why the cost of the lodging exceeded the per diem rate.

Some of Mayor Perkins' travel expense statements do not claim certain eligible expenses, such as lodging, and there is no documentation of who paid for it. The Mayor told us that third parties, such as conference hosts, routinely pay his travel expenses. However, the Mayor did not have any documentation showing compliance with the Code of Governmental Ethics.⁸

^E \$606 of the missing receipts were attributable to meals. The remaining \$590 was for airfare purchases.

Mayor Perkins' travel records also included \$2,899 of charges that occurred on the weekends; however, these travel expenses did not include an itinerary indicating these events were work-related. The expenses included lodging, meals, transportation, fuel, and parking.

Mayor Perkins took 23 trips, totaling \$35,845, from January 1, 2019 to December 31, 2021. Some of the expenses may have violated City travel or procurement and travel card policies and procedures. The Mayor reimbursed the City \$681 for some of the policy violations in 2019 and 2020, but has not reimbursed the City for the remainder of possible policy violations in 2021.

Recommendations

We recommend the City:

- (1) Comply with City Charter and City purchasing policies for all purchases including purchases of insurance;
- (2) Ensure travel expenses comply with City policy and the Code of Governmental Ethics;
- (3) Closely monitor and document any instances where a third party pays the travel expenses of City officials;
- (4) Obtain and maintain documentation to support business purpose of all travel;
- (5) Ensure the travel is necessary and will benefit the City;
- (6) Ensure only business-related expenses charged to City when traveling; and
- (7) Ensure all violations of policy are reimbursed to the City.

LEGAL PROVISIONS

¹ **Shreveport City Charter, Article 10, Section 10.02** states, "the Director of Finance, under the supervision of the Chief Administrative Officer (CAO) shall supervise and direct the placing of all types of insurance carried by the city where the premiums in whole or in part are paid by the city, or the premiums in whole or in part are withheld through the payrolls; the amount of all types of insurance on which the city pays the premiums in whole or in part shall be approved by the council after a recommendation by the mayor."

²**Shreveport City Purchasing Regulations and Procedures Manual Section 2-1(D)** states, in part, "Consulting, Insurance and other Services shall be obtained through the Purchasing Division using an RFP when the contract amount is expected to be \$10,000 or more unless written approval of an alternate method is provided by the Chief Administrative Officer..."

³ **City of Shreveport Travel Policies and Procedures Section 8(A)** states, "Travelers, upon their return, shall submit a Travel Expense Statement, attaching to it all necessary supporting receipts and the approved Request for Travel form."

⁴ **City of Shreveport Travel Policies and Procedures Section 9(B)** states, "No traveler shall be reimbursed for any travel expenses if the Travel Expense Statement for a trip is filed more than thirty (30) days after the completion of a trip."

⁵ **City of Shreveport Procurement and Travel Card Procedures Handbook, page 5** states, in part, that cardholders are "...responsible for obtaining receipt at time of purchase..."

⁶ **City of Shreveport Travel Policies and Procedures Section (6)(C)(4)** states, in part, "...Reimbursement for business meals will be based on receipts which are annotated to show who attended the meal and the business purpose for the event."

⁷ **City of Shreveport Travel Policies and Procedures Section (6)(B)(1)** states, in part, "The City will pay lodging costs which do not exceed the per-diem rates established for their travel destinations by the General Services Administration..."

City of Shreveport Travel Policies and Procedures Section (6)(B)(4) states, "Officials may approve lodging rates not to exceed 150% of the per-diem rate only when, for documented reasons, no adequate lodging is available at the per-diem rate. Travelers may be required to document their efforts to obtain adequate lodging at the per-diem rates before receiving reimbursement for the excess amount. Exceptions for costs above this threshold must be approved in advance by the Mayor."

⁸ **Louisiana Revised Statute 42:1115.2** states, "A. The provisions of R.S. 42:1111 or 1115 shall not preclude the acceptance by a public servant of complimentary admission, lodging, and reasonable transportation, or reimbursement for such expenses, if the agency head of the public servant's agency certifies each of the following: (1) The public servant's acceptance of complimentary admission, lodging, and reasonable transportation, or reimbursement for such expenses, is either of direct benefit to the agency or will enhance the knowledge or skill of the public servant as it relates to the performance of his public service. (2) The agency head approved the public servant's acceptance of complimentary admission, lodging, and reasonable transportation, or reimbursement for such expenses, prior to acceptance. (B)(1) Any public servant who accepts complimentary admission, lodging, or transportation, or reimbursement for such expenses, shall file with the Board of Ethics, within sixty days after such acceptance, a certification, on a form designed by the board, disclosing all of the following: (a) The date and location of complimentary admission, lodging, or transportation and a brief description of its purpose. (b) The name of the person who gave, provided, paid for, or reimbursed in whole or in part the admission, lodging, or transportation. (c) The amount expended on his behalf or reimbursed by the person for admission, lodging, and transportation. (2) The certification required by this Subsection shall include the certifications of the agency head required by Subsection A of this Section."

APPENDIX A

Management's Response



OFFICE OF THE MAYOR
SHREVEPORT, LOUISIANA

October 5, 2022

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

Dear Mr. Waguespack,

Please accept this as the City of Shreveport's response to the Louisiana Legislative Auditor's draft audit report.

Thank you to the Louisiana Legislative Auditor's staff for their time and due diligence in completing the audit. We appreciate you and your staff for conducting a thorough audit and their dedication to ensuring that local government maintains the highest ethical standards. The City of Shreveport undergoes an annual audit and we welcomed the execution of this audit from the very beginning. We believe that your recommendations will be beneficial as we reinforce current policies and implement new procedures.

We are committed to strengthening city operations and proactively identifying opportunities to enhance the financial integrity of city government. We have aggressively put procedures in place to improve internal controls aimed at achieving fiscally responsible practices in all city departments.

Upon taking office in 2018, this Administration made a decision to change the City insurance broker for two reasons: to try to get better rates and save money in the market, and to insert minority participation where there was none – two things Mayor Perkins ran on during his campaign for Mayor in 2018. The Administration acknowledges that at the time the change was made, no RFP process took place.

However, on September 13, 2019, the City of Shreveport Internal Auditor issued an Internal Audit Report concerning the City's insurance procurement. In this report, the Auditor made a factual finding that 2006 was the last time an RFP for insurance procurement was issued. This means that as a new Administration, we came in and followed the same process that had been in place for over a decade.

After learning that the process should have been handled differently, we acknowledged the error, and took immediate steps to correct the mistake. In 2019, prior to the release of the City of Shreveport Internal Audit Report, an RFP was issued to solicit municipal insurance, which is documented in the Internal Audit Report. Additionally, an RFP has been issued every year since that time. Moving forward, this Administration will continue to comply with the City Charter and City purchasing policies for all purchases including the purchase of insurance.

As Mayor of Shreveport, it is a responsibility to advocate on behalf of the City. Pursuing partnerships with companies, organizations and agencies that can provide significant investments through job creation, capital investments and infrastructure improvements have remained a priority. Seeking those opportunities for Shreveport require traveling outside of the state to build relationships critical for the growth of our city.

The City of Shreveport has taken (and will take) the following steps to better improve the implementation of purchasing policies:

- The City of Shreveport has contracted with the Government Finance Officers Association to update purchasing policies and to make sure that all city departments are compliant.
- Training sessions will be required to ensure that the persons responsible for filling out and submitting travel forms in every city department are knowledgeable of City policy and the Code of Governmental Ethics.
- A streamlined system will be created that tracks and verifies when travel/purchasing documents are submitted.
- In 2021, the City of Shreveport hired a lobbyist to identify state funds and seek support for policies, legislation, and programs that would benefit the City of Shreveport. The City will start the procurement process to hire a lobbyist who will be responsible for all federal matters.

It was never the Mayor's intention to not follow any policies that are in effect. Receipts were provided for purchases, but were not itemized, which was previously a standard practice. The Mayor will reimburse the City for all expenses that the audit shows may have violated City of Shreveport travel and procurement policies and procedures. Moving forward the Mayor will comply with all policies and procedures including travel.

Thank you to your team for their efforts to promote governmental transparency and identifying areas of improvement for the City of Shreveport.

Sincerely,



Adrian Perkins
Mayor, City of Shreveport



James Green
Council Chairman

APPENDIX B

City Risk Manager's Response

October 5, 2022

From: Evelyn Kelly

To: Roger W. Harris, JD, CCEP, CFI
Executive Counsel and
Assistant Legislative Auditor for Investigations

Via email: TTerczynski@LLA.La.gov; TPhillips@LLA.La.gov

Dear Mr. Harris:

I have reviewed the draft of the investigative audit report on the City of Shreveport relative to Insurance Coverage. Per references to me in the draft report, as the City's risk manager acting at the direction of Mayor Perkins and his transition team, I offer the following response:

- 1. Page 3 of 8, Paragraph 1:** "The City's Risk Manager signed excess workers' compensation renewal and binder agreements prepared by the City's AOR, Risk Services, on December 10, 2018."

Clarification: No new policy was in effect at the time referenced. The City Risk Manager recalls providing Risk Services authority to bind coverage. It was customary to provide authority.

- 2. Page 3 of 8, Paragraph 2:** "The City's Risk Manager, Ms. Evelyn Kelly, told us that before Mayor-elect Perkins took office on December 29, 2018, Ms. Shanerika Flemings verbally directed Ms. Kelly to change the AOR from Risk Services to 3rd Millennium Insurance and Financial Services, Inc. (3rd Millennium) for excess workers' compensation policy."

Clarification: In addition, the City's Risk Manager requested information on 3rd Millennium and its representative, Mr. Roddrelle Sykes, in an effort to evaluate the capacity of 3rd Millennium to act as an AOR for the city's excess workers' compensation insurance coverage.

- 3. Page 3 of 8, Paragraph 2:** "On December 28, 2018, Ms. Kelly forwarded the letter to another City employee and asked her to put the letter on City letterhead for Ms. Kelly's signature."

Clarification: The City's Risk Manager forwarded the letter to office administrative personnel to perform the clerical task.

4. **Page 3 of 8, Paragraph 2:** “Later that same day, Ms. Kelly received an email from Risk Services stating they were advised of an AOR letter signed by Ms. Kelly to move the excess workers’ compensation policy.”

Clarification: The City’s Risk Manager does not recall receiving an email from Risk Services regarding the AOR change letter. However, the risk manager recalls reaching out to advise Risk Services of the AOR change letter.

5. **Page 5 of 8, Paragraph 1:** “Ms. Kelly told us Ms. Flemings verbally directed her to change the AOR for the City’s property insurance from Gallagher to Frost Insurance.”

Clarification: The City’s Risk Manager also requested that directives and/or instructions be sent to her in writing.

6. **Page 6 of 8, Paragraph 1:** “Ms. Kelly told us that Mr. Sykes presented two options for the City’s property insurance to Ms. Flemings, Mayor Perkins, the CAO, the Director of Finance, and her, and that the group unanimously chose the lower dollar amount of coverage for the property insurance.”

Clarification: The City’s Risk Manager does not recall the exact number of options that Mr. Sykes presented. However, the options were presented to the team which included Ms. Flemings, the City Attorney Ms. Creal, the CAO Ms. Jones, and the Director of Finance Charles Madden.

The City Attorney was present at this presentation.

The Mayor was not present at this presentation.

If you need any additional information or would to speak with me, please feel free to contact me.

Sincerely,



Evelyn Kelly
Risk Manager