

# Plaquemines Parish Government

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## INTERNAL AUDIT DEPARTMENT

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## Council Members

District 1 - John L. Barthelemy Jr.  
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District 5 - Benedict "Benny" Rousselle  
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## MEMORANDUM

**To:** Council Member Mr. Benny Rousselle  
Chair - Audit Committee

**Date:** July 10, 2018

Council Member Ms. Audrey Trufant - Salvant  
Audit Committee Member

Council Member Mr. Irvin Juneau  
Audit Committee Member

**From:** Randy A. Duke, CPA, CIA, CIGA  
Chief Internal Auditor

**Re:** The Plaquemines Parish Government ("PPG") Employee Expense and Mileage Reimbursements Internal Audit Follow-Up Report.  
**Project # 2017-01**

In accordance with the PPG Charter Section 7.08: Audit Committee. The Internal Audit Department performed a follow-up Internal Audit of the PPG Employee Expense and Mileage Reimbursements.

**Objectives, scope and methodology:** Internal Audit Standard 2500.A1 - The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

My **objective and methodology** were as follows:

- 1) To determine compliance with Internal Audit Standard 2500.A1. 2500.A1 - The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

**Scope:** The observations as noted in the November 2018 Employee and Mileage expense internal audit report.

**Professional Standards:** The audit was conducted in accordance with the Institute of Internal Auditor's Standards for the Professional Practice of Internal Auditing, (the Red Book).

**Conclusions:** Because of the high risk related to the employee and mileage expense reimbursements the recommendations/controls that the Internal Auditor has recommended in this report will help to reduce the risk of inaccurate, invalid and unauthorized employee reimbursements being paid. Management will put in place policies and procedures (currently in draft form) consistent with the Internal Auditor's recommendations as noted in observations # 1-7. Observation # 8 - Internal control framework has not been achieved. However, the new employee, mileage and expense policies is a step forward in achieving this goal. Observation # 9 - The Internal Auditor agrees with management that this control is not necessary. Draft employee and mileage expense policies. **Attachment "A"** As of the date of this report the policies have not been formally approved. It is this auditor's opinion that the policies are not currently in place until they are formally approved by management. Therefore, the risks as stated in this report still apply to management. A follow-up audit will be performed to check the status of these policies.

**Acknowledgements:** I would like to thank Mr. Jim Peebles the Director of Administration and his staff for their good work on the employee expense policies. The Internal Audit Department

appreciates your cooperation and assistance during this audit and look forward to working with you and your staff to help PPG and the citizens of the parish reach their goals and objectives.

cc: Mr. Amos Cormier III, President of Plaquemines Parish Government;  
 Mr. Jim Peeples C.P.A, Director Administration;  
 Mr. Thomas Serpas C.P.A, Finance Manager.

**FOLLOW-UP  
 AUDIT OBSERVATIONS**

<b><i>Observation # 1</i></b>
<b><i>Overall Policies and Procedures</i></b>
<b>Condition:</b> There doesn't appear to be an overall Policies and Procedures manual in place for employee expense and mileage reimbursements.
<b>Recommendation:</b> To improve oversight the Internal Auditor recommends that overall written and formally approved Policies and Procedures manual be put in place. This would provide standard operating procedures for all current and future employees. A Policies and Procedures Manual is the best practice to provide reasonable assurance that practices cause effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.
<b>Status:</b> The Director of Administration has prepared and put in place updated employee and mileage expense policies and procedures. <b>Attachment "A"</b> .
<b>Auditor's Response:</b> The Department of Administration has addressed the Internal Auditor's recommendation.
<b>Exposure:</b> Following these policies will lower the risk of fraud, waste and abuse and the misappropriation of public funds.
<b>Management Response:</b> No current management response.
<b>Responsibility for Action(s)</b> Jim Peeples, Director of Administration

<b><i>Observation: # 2</i></b>
<b><i>Employee Expense Account Reports and Mileage Reimbursement Forms</i></b>
<b>Condition:</b> The business purpose needs more detail.
<b>Recommendations: More detail would include:</b>
<ul style="list-style-type: none"> <li>• Why the business expense or travel was necessary;</li> <li>• Where the meal took place and the participants and business relationship to PPG;</li> <li>• Having a clear readable business purpose on the expense report/form; and</li> <li>• Travel area from and to needs more detail (address).</li> </ul>
<b>Status:</b> The Director of Administration has prepared and put in place updated employee and mileage expense policies that requires the employee to provide a more detailed explanation of the business purpose on the employee and mileage expense forms.
<b>Auditor's Response:</b> The Department of Administration has addressed the Internal Auditor's recommendations.
<b>Exposure:</b> Following these policies will lower the risk of fraud, waste and abuse and the misappropriation of public funds. Without a clear written detailed explanation of the business purpose, these expenses could be disallowed by the legislative auditor.
<b>Management Response:</b> No current management response.
<b>Responsibility for Action(s)</b> Jim Peeples, Director of Administration

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<b>Observation: # 3</b>
<b>Supporting Documentation</b>
<b>Condition:</b> Of the thirty-one (31) employee mileage reimbursement forms reviewed four (4) included a MapQuest to help validate employee miles driven and twenty-seven (27) did not have any mileage support.
<b>Recommendation:</b> To improve oversight the Internal Auditor recommends that mileage be computed based upon odometer readings from point of origin to point of return or by using a website mileage calculator or a published software package for calculating mileage such as Trip maker or MapQuest, etc. The employee should print the page indicating the mileage and attach it with his/her travel expense form.
<b>Status:</b> The employees are using MapQuest to validate their business mileage.
<b>Auditor's Response:</b> The MapQuest helps to ensure the accuracy of employee mileage expenses and reduces the risk of the misappropriation of public funds.
<b>Exposure:</b> The risk that employee mileage expenses will be overstated is lower by adding the MapQuest control and using MapQuest to calculate and validate employee mileage.
<b>Management Response:</b> No current management response.
<b>Responsibility for Action(s):</b> Jim Peebles, Director of Administration

<b>Observation: # 4</b>
<b>Internal Audit Approvals</b>
<b>Condition:</b> Employee expense reports and mileage reimbursement forms are being sent to Internal Audits for review and approval.
<b>Recommendation:</b> The Internal Audit Department should not be involved in the approval of management documents such as employee expense and mileage reimbursement reports and forms. Approving these reports puts Internal Audits in a management role which could result in independence issues. "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes." <sup>1</sup> However, Internal Audit can review these reports for accuracy, completeness and reliability. The Internal Audit function should be used to guide PPG operations, systemically evaluate and improve risk management, control and to add value for the citizens of PPG.
<b>Status:</b> With the implementation of the Director of Administration's updated employee and mileage expense policies, the employee expense and mileage forms and supporting documents will not be required to be sent to the Internal Audit Department for review.
<b>Auditor's Response:</b> The Internal Auditor will periodically sample the employee expense and mileage expenses and will send management and the Audit Committee the results of the examination.
<b>Exposure:</b> The updated policies and the monitoring by the Department of Administration and the Accounts Payable Department reduces the risk of inaccurate employee expenses and mileage reimbursements and reduces the risk to a low level, the possibility of Fraud, Waste, Abuse, and the misappropriation of public funds.

<sup>1</sup> Institute of Internal Auditors

**Management Response:** No current management response.

**Responsibility for Action(s):** Jim Peeples, Director of Administration

**Observation: # 5**

***Supervisory Approvals***

**Condition:** Of the nineteen (19) employee expense reports reviewed four (4) were not independently reviewed by the employee’s supervisor. Of the thirty-one (31) employee mileage reimbursement forms reviewed, four (4) were not independently reviewed by the employee’s supervisor. *Tables 1 & # 2.*

Table # 1		Table # 2	
Employee Expense Reports		Employee Mileage Reports	
Month/Year	Amount	Month/Year	Amount
January 2017	\$22.74	January 2017	\$302.81
January 2017	23.18	January 2017	37.45
January 2017	58.56	January 2017	253.59
August 2017	146.19	August 2017	146.05
<b>Total</b>	<b>\$250.67</b>	<b>Total</b>	<b>\$739.90</b>

**Recommendation:** To improve oversight the Internal Auditor recommends that these reports always have an independent review and approval signature indicating that they have been reviewed for accuracy and completeness.

**Status:** The Director of Administration has prepared and put in place updated employee and mileage expense policies that address the Internal Auditor’s recommendations.

**Auditor’s Response:** The Department of Administration has addressed the Internal Auditor’s recommendations.

**Exposure:** Having an independent reviewer of employee expenses reduces the risk that expenses could be overstated and that public funds could be misappropriated.

**Management Response:** No current management response.

**Responsibility for Action(s):** Jim Peeples, Director of Administration

**Observation: # 6**

***Department Monitoring Procedures***

**Condition:** It appears that the departments do not have written monitoring procedures in place other than the Resolutions and Ordinance as stated below.

**Recommendation:** To improve oversight each department head should establish a written list of monitoring procedures other than Ordinance No. 13-17, 2017 Standard Mileage Rates for Business Medical and Moving, Resolution No. 13-184 and Resolution No. 07-304. This written list of monitoring procedures would include the review of the Employee Expense Account report and Employee Mileage Reimbursement Form for such items as date, time, business purpose, account coding, authorizing signatures, supporting documentation for meals if applicable, hotel invoices, transportation, registration fees other expenses and mileage to help ensure the accuracy and completeness of the employee expense reports and the mileage reimbursement forms.

**Status:** The Director of Administration has prepared and put in place updated employee and mileage expense policies that addresses the Internal Auditor’s recommendations.

**Auditor’s Response:** These policies should be distributed to department heads throughout the parish. The Department heads, managers and supervisors should monitor their employee’s compliance with these policies. Non-compliance should be report to the Department Director and to Internal Audits for review.

<b>Exposure:</b> Monitoring compliance with these polices will reduce the risk of fraud and the misappropriation of public funds.
<b>Management Response:</b> No current management response.
<b>Responsibility for Action(s):</b> Jim Peeples, Director of Administration

<b>Observation # 7</b>
<i>Organizational Chart</i>
<b>Condition:</b> During this audit it was noted that PPG does not have an organizational chart in place.
<b>Recommendation:</b> The Internal Auditor recommends that PPG create an organizational chart. The traditional organizational chart (or hierarchy chart) is the graphical representation of an organization's structure. Its purpose is to illustrate the relationships and relative ranks of job positions within the organization. Employee names and titles and/or job positions are generally depicted in boxes or circles with lines linking them to other employees and departments. By looking at the organizational chart, people can gain a quick understanding of how the organization is designed, its number of levels and where each employee fits into the organization.
<b>Status:</b> Management has put in place a detailed organizational chart.
<b>Auditor's Response:</b> Management has put in place the Internal Auditor's recommendation.
<b>Exposure:</b> There is no exposure to PPG.
<b>Management Response:</b> No current management response.
<b>Responsibility for Action(s):</b> Jim Peeples, Director of Administration

<b>Observation # 8</b>
<i>Internal control framework</i>
<b>Condition:</b> There does not appear to be an overall Internal Control structure in place such as the COSO framework.
<b>Recommendation:</b> The Internal Auditor recommends that PPG implement an Internal Control Framework such as COSO throughout the organization as stated in Section II. in this report.
<b>Status:</b> An overall PPG Internal Control Framework is not in place.
<b>Auditor's Response:</b> In my opinion, PPG management should adopt the COSO internal control framework throughout the organization. Directors, managers and supervisors should use these COSO procedures to help strengthen their department internal controls.
<b>Exposure:</b> This framework was created to help management reduce fraud, waste and abuse in their organizations.
<b>Management Response:</b> No current management response.
<b>Responsibility for Action(s):</b> Jim Peeples, Director of Administration

<b>Observation # 9</b>
<i>Resolution No. 13-184 Meals</i>

<b>Condition:</b> The Resolution does not state the business distance that employees must travel away from home/office to be able to receive reimbursement.
<b>Recommendation:</b> The Resolution should clearly state the business distance that employees should travel away from home/office to be able to receive reimbursement.
<b>Status:</b> Management does not consider this control necessary.
<b>Auditor's Response:</b> After additional consideration, the Internal Auditor agrees that not having this control in place does not present a high risk of fraud, waste and abuse and misappropriation of public funds to PPG.
<b>Exposure:</b> The risk of fraud, waste and abuse and the misappropriation of public funds is low.
<b>Management Response:</b> No current management response.
<b>Responsibility for Action(s):</b> Jim Peeples, Director of Administration

## ATTACHMENT “A”

### PLAQUEMINES PARISH GOVERNMENT TRAVEL AND OTHER EMPLOYEE EXPENSES POLICIES AND PROCEDURES

## DRAFT

### GENERAL POLICY

It is the policy of Plaquemines Parish Government (“PPG”) to comply with the Code of Governmental Ethics of the State of Louisiana.

In general, travel and other employee expenses should be incurred in the most economical, efficient, and effective manner to accomplish the governmental/business purposes of PPG and to avoid incurring unnecessary expenses.

Travel and other employee expenses should be reasonable and incurred only when necessary and when such expenses benefit PPG.

Employees/officials are expected to exercise the same care in incurring travel and other employee expenses that a prudent person would exercise in conducting their personal business.

Employee expenses are subject to regular internal and external audit, and therefore must be properly documented. It is better to err on the side of too much documentation, rather than insufficient documentation.

False claims for reimbursement of expenses shall be considered as serious offenses and a breach of ethical standards and are punishable as provided by law and/or by termination of employment.

**Claims for reimbursement of mileage, travel and other employee expenses should be made as soon as possible but no later than 30 days after the month in which the expenses were incurred.**

### AUTHORIZATION AND REVIEW

Requests for reimbursement of employee expenses must be signed by the employee and approved by the employee’s departmental supervisor and by someone with higher level approval authority for the employee’s department (Director, Parish President or another elected official or designee of the elected official). However, if the employee does not have a supervisor or if the supervisor is unavailable, the higher-level approval by itself is acceptable. Expense reports of Council members must be approved by either the Council Chairperson or by the Director of Administration. Expense reports of Directors, the Parish President, or other elected officials must be approved by the Director of Administration, except expense reports of the Director of Administration must be approved by the Parish President.

The Chief Internal Auditor and his staff have the authority to review all employee expense reports.

### TRAVEL ADVANCES

Travel advances will only be issued in very unusual cases of hardship, which must be explained in writing and approved by a Director. Travel advances should not be necessary in most cases, as timely filing of expense reports after returning from travel will result in timely reimbursement to the employee.

### MILEAGE (FOR USE OF PERSONALLY OWNED VEHICLES) / USE OF PPG OWNED VEHICLES

If a personal vehicle is used for approved governmental business, an employee may be reimbursed for mileage at the Internal Revenue Service standard rate in effect on the date of travel, not to exceed a maximum of \$900.00 per month. The “Employee Mileage Reimbursement” form must be used to request mileage reimbursement.

For each trip, the governmental/business purpose of the trip must be clearly indicated. The travel area from and to must also be clearly indicated, preferably with physical addresses for the starting and ending points. In general, “MapQuest” or a similar document for each trip should be attached to the “Employee Mileage Reimbursement” form as support of total mileage. However, odometer readings are also acceptable.

For personally owned vehicles, it is the responsibility of the employee to use a vehicle that is road worthy and is covered by State of Louisiana required insurance.

In no case will an employee be reimbursed for mileage when transported by another person or when traveling in a PPG owned vehicle.

Travel between an employee’s residence and normal place of work is considered to be personal commuting expense and will not be reimbursed.

Mileage reimbursement covers fuel, insurance, maintenance and repairs, and any other vehicle costs. Therefore, those expenses will not be reimbursed separately.

Parking fines and fines for violation of traffic laws will not be reimbursed.

No traveler may operate a vehicle without having in his/her possession a valid U.S. driver’s license. Safety restraints shall be used by the driver and passengers of vehicles.

Operating any vehicle while intoxicated is unauthorized and strictly prohibited.

All accidents, major or minor, shall be reported to the appropriate law enforcement agency and to the PPG Safety Department. Documentation of the names and addresses of all vehicle occupants, insurance, registration, and license information, as well as pictures of the accident should be obtained, if possible.

If an employee attends a training course and receives a certificate of completion, a copy of that certificate should also be attached to the “Employee Mileage Reimbursement” form.

#### TRAVEL AND OTHER EMPLOYEE EXPENSES

The “Employee Expense Account” form must be used to request reimbursement of travel and other employee expenses.

Documentation of the governmental/business purpose of each trip or other employee expense must be clearly indicated on the “Employee Expense Account” form.

When receipts are required, they must be fully **itemized** as to what items were purchased. Canceled checks or credit card receipts, hotel bills, or other receipts which show only the total paid are not adequate documentation—there must also be an itemization of what was actually purchased, with the prices of each item.

**No reimbursement will be given when no cost is incurred by the employee.** For example, no meal reimbursement will be given when the meal is included in the registration fee and/or the agenda for a conference or meeting. No meal allowance will be given to the employee when the meal is paid for by someone else. Also, no hotel reimbursement will be given when the cost of the hotel is paid by the sponsor of the conference or meeting.

**Travel outside the state of Louisiana should be very limited and should be approved by either a Director, the Parish President, or other elected official.** Consideration must be given as to whether the travel is necessary and whether the benefit to PPG is worth the extra cost of travel outside the state. Training courses should only be attended in the state of Louisiana, unless absolutely necessary and only offered outside of Louisiana. Care should be taken to determine that any travel outside the state of Louisiana is absolutely necessary for the benefit of PPG and would not be perceived as a taxpayer paid vacation. Thorough documentation as to the

necessity of trips outside the state of Louisiana must be included with the employee's expense report.

#### EMPLOYEE MEALS (INCLUDING TIPS AND TAXES)

For in-state travel, employees are allowed the following amounts for meals per day, with no receipts required: breakfast \$9.00, lunch \$13.00, dinner \$24.00 (total \$46.00).

For out-of-state travel, employees are allowed the following amounts for meals per day, with no receipts required, according to the following schedule:

Austin, TX, Atlanta, GA, Cleveland, OH, Dallas/Fort Worth, TX, Denver, CO, Detroit, MI,

Ft Lauderdale, FL, Galveston, TX, Hartford, CT, Houston, TX, Kansas City, MO, Las Vegas, NV,

Los Angeles, CA, Miami, FL, Minneapolis/St. Paul, MN, Nashville, TN, Oakland, CA, Orlando, FL,

Philadelphia, PA, Phoenix, AZ, Pittsburgh, PA, Portland, ME, Portland, OR, Sacramento, CA,

San Antonio, TX, San Diego, CA, St. Louis, MO, Tampa, FL, Wilmington, DE, all of Alaska or Hawaii, Puerto Rico, Virgin Islands, American Samoa, Guam: breakfast \$13.00, lunch \$17.00, dinner \$31.00 (total \$60.00).

Baltimore, MD, San Francisco, CA, Seattle, WA, Alexandria, VA, Arlington, VA, Boston, MA,

New York City, NY, Washington, DC, Chicago, IL, and international cities: breakfast \$13.00,

lunch \$19.00, dinner \$33.00 (total \$65.00).

For cities not listed above, the meal allowance rates for a comparable nearby listed city should be used.

Meal allowances are limited as follows:

Travel day (unless a full day of travel) to destination—lunch and dinner

Full day of travel to or from destination—breakfast, lunch and dinner

Full day at destination—breakfast, lunch and dinner

Travel day home (unless a full day of travel)—breakfast and lunch

Reimbursement in excess of the above meal allowances is not allowed except in rare cases in which the justification for the excess reimbursement must be documented and approved by a Director, the Parish President, or other elected official.

**Reimbursement for alcohol is prohibited.**

#### SPECIAL MEALS

When it is determined to be in the best interest of PPG, a Director, the Parish President, or other elected official may authorize a special meal to be served and paid for by PPG. Examples of meals that may be considered to be in the best interest of PPG include, but are not limited to, the following reasons:

In conjunction with a working meeting

In extraordinary situations when employees are required by their supervisor to work more than

their normal workday to meet critical deadlines or to handle emergencies

Meetings with visiting dignitaries, executive level persons from other governmental units, or business personnel to discuss important governmental matters

Costs for such meals should be reasonable and may include tax and tips.

Required documentation for special meals includes itemized receipts or invoices, the name and position/title of meal attendees, and documentation of the governmental/business purpose of the meal.

**Reimbursement for alcohol is prohibited.**

#### TRANSPORTATION (OTHER THAN MILEAGE FOR USE OF PERSONAL VEHICLE)

Costs for parking, taxis, etc. must be documented with receipts.

Rental vehicles must be approved in advance by a Director, the Parish President, or other elected official. The employee should select the most reasonably priced vehicle which satisfies the needs of the travel. The employee should not pay for insurance coverage on rental vehicles, as PPG maintains its own coverage. Documentation must include the rental agreement and an itemized receipt for the total cost.

The policies listed for drivers and passengers under “Mileage (Use of Personally Owned Vehicles) / Use of PPG Owned Vehicles” also apply to use of rental vehicles.

Airfare (receipts required) will normally be reimbursed at coach/economy class rates, unless the necessity of a higher rate is documented and approved by a Director, the Parish President or other elected official. Employees should attempt to obtain the “best value” rates available. Normally, reservations at least 10-14 days in advance of the departure date will result in lower rates. Personal travel insurance will not be reimbursed.

#### LODGING

As a governmental entity, PPG is not subject to sales tax on lodging in the state of Louisiana and will **not** reimburse employees for sales tax paid on lodging in the state of Louisiana. To avoid paying the sales tax on lodging, employees should obtain a sales tax exemption certificate from the PPG Sales Tax Department prior to the trip and present it to the hotel’s front desk at the time of registration.

Regardless of whether the hotel stay is paid for directly by the employee or by a PPG check, an itemized receipt showing daily room and other charges must be obtained and attached to the “Employee Expense Account” form.

Personal items such as toiletries will not be reimbursed. Charges for alcohol will not be reimbursed. Charges for movies will not be reimbursed. Hotel charges for internet services will be reimbursed only if the internet service is necessary for governmental work. If the bill includes charges for room service, the employee cannot claim both the room service charges and a meal allowance. Room service charges for meals that are in excess of meal allowances will not be reimbursed.

Charges for lodging in the New Orleans area will not be reimbursed, unless the necessity for such lodging is fully documented and approved by a Director, the Parish President or other elected official.

#### CONFERENCES/TRAINING

Registration costs must be documented with a copy of the registration form/receipt with evidence that payment was made by the employee.

If an employee attends a conference/training course and receives a certificate of attendance or completion, a copy of that certificate should also be attached to the “Employee Mileage Reimbursement” form and /or the “Employee Expense Account” form.

No reimbursement will be allowed for the costs of attending functions unrelated to the conference (i.e. tours, golf tournaments, etc.).

#### DUES & LICENSES

The costs of dues & licenses are reimbursable if considered necessary and beneficial to PPG. Such costs must be documented by an invoice, application form, or receipt including evidence that payment was made by the employee.

#### OTHER EMPLOYEE EXPENSES

Supplies and other employee expenses should normally be purchased through PPG's purchase order system.

However, if it is necessary to incur such costs without using PPG's purchase order system, required documentation would include a description of the governmental/business purpose and itemized receipts.