

Minutes of a meeting of the Plaquemines Parish Council Audit Committee held in the Belle Chasse Council Building, Council Chambers, 333 F. Edward Hebert Blvd., Bldg. 203, Belle Chasse, Louisiana on Thursday, August 13, 2020, 3:02 p.m. pursuant to notice to all members with a quorum present as follows:

PRESENT: Council Member Benedict Rousselle  
Council Member Trudy Newberry

Kim M. Toups, Secretary

ABSENT: Council Member Mark Cognevich

The meeting was called to order, roll call was taken and the pledge was recited.

Mr. Randy Duke, Internal Auditor was present.

Council Member Rousselle moved to Agenda Item 2, "New Business". Without objection, so ordered.

Under Agenda Item a, "Review and discussion of the PPG Property and Lease Internal Audit, Mr. Duke reviewed the Summary, Objection, Observations and Conclusions the audit.

**Executive Summary:** This audit report concerns twenty-three (23) parish properties that are leased or managed by certain forms of agreements and specifically addresses the following:

- Five (5) General Leased Properties;
- Three (3) Cooperative Endeavor Agreements (Plaquemines Parish Fair and Orange Festival, YMCA and C.A.R.E);
- Nine (9) Boat Harbor and Shipyard leased properties;
- Three (3) Auditorium Rentals (Belle Chasse, Buras, and Braithwaite); and,
- Three (3) Community Center Rentals (Buras, Percy Griffin, and Port Sulfur).

**Objectives:**

1. Determine compliance with policies, rules and regulations;
2. Determine the integrity and accuracy of financial information;
3. Determine that assets are safeguarded;
4. Evaluate the efficiency and effectiveness of the rental and lease process;
5. Evaluate the possibility and risk of fraud, waste and abuse; and
6. Recommend internal controls to add value and improve operations.

**Observations/Recommendations:**

1. **Policies and Procedures Manual-A** written policy should be created, maintained and approved for Property, Lease and Building Rentals by the President and Parish Council;
2. **The Assessor's Office Adjudicated Properties**-If the Parish has acquired a tax interest in the 106 adjudicated properties and if specific procedures are followed, Louisiana law allows the governmental body to sell their tax interest in the property;
3. **General Leases**-Ensure that a current insurance certificate is in the file, all authorizing agreement signatures are dated, supporting expense documentation for lessee property improvements are validated and in the file, a current appraisal of the property and improvements are in the file, and the lessee's 2017-2019, detailed revenue received from these properties are also in the file. It appears that the General Lease Properties could be renegotiated to better benefit the parish;
4. **Boat Harbor and Shipyard Leases**- Ensure that a current insurance certificate is in the file, all authorizing agreement signatures are dated, supporting expense documentation for lessee property improvements are validated and in the file, a current appraisal of the property and improvements should be in the file, and the lessee's 2017-2019, detailed revenue received from these properties are also in the file. It appears that the Boat Harbor and Shipyard Leases could be renegotiated to better benefit the parish;
5. **Cooperative Endeavor Agreements**-Ensure that a current insurance certificate is in the file, all authorizing agreement signatures are dated, supporting expense documentation for lessee property improvements are validated and in the file, a current appraisal of the property and improvements should be in the file, and the lessee's 2017-2019, detailed revenue received

from these properties are also in the file. It appears that the Boat Harbor and Shipyard Leases could be renegotiated to better benefit the parish; and

6. **Auditorium and Community Center Rentals**-Ensure that Ordinance No. 19-124, continues to be monitored and the dollar rental amounts adjusted for inflation.

**Conclusions:**

1. The General Leases and the Boat Harbor and Shipyard Leases should be renegotiated on behalf of the Parish.
2. Regarding the CEA's reviewed, PPG should ensure that based upon the documentation received or available, that the public benefit created is at least equivalent to the expenditure or transfer made by the agency, as stated in Article VII, Section 14 C of the 1974 Constitution of the State of Louisiana.

A discussion was held regarding Management's response wherein Mr. Duke informed the Committee members that there had been no response from the Administration. President Lepine was given one month after the audit report was finalized and sent to the Administration to respond; however, after 37 days the report had to go out without a response. Mr. Duke suggested that even if the audit is directed to President Lepine, if he does not have time to respond, possibly the Directors could respond on his behalf.

Discussions were also held in regards for the need to negotiate leases and bring them in line with current fair market values. Council Member Newberry asked if legislation should be drafted regarding renegotiating current leases. Council Member Rousselle said since there was no response from the Administration, he would ask the Council Secretary, with the help of Council Attorney, Dannie Garrett, to draft legislation requesting and urging the Legal Department to review existing leases, renegotiate and provide a report to the Council.

Mr. Duke went on to explain there are certain items that should be contained in the lease files, such as insurance certificates, the current contract, list of improvements made to the property, etc. A file should be complete and with all signatures. Council Member Rousselle said he knows there is a Contract Administrator and the Land Department Contract Administrator but he is unsure as to whether or not we are hitting all the boxes. For example, in some cases all the required signatures are not provided within the documents of the lease file. Randy Duke suggested there should be a separate insurance department with a person with that kind of experience to review contracts. Council Member Rousselle further went on to say that the Legal Department needs to get a handle on this contracting situation and there is a lot of potential revenue sources, as well as simple obligations to be met such as completing the files.

Under Agenda Item 2b, "Discussion of Compensatory Time policy" Mr. Duke reviewed the summary contained in PowerPoint presentation on PPG Compensatory Time Standard Rules and Procedures. Council Member Rousselle asked how the rules in the policy compare to the Civil Service rules in place and he was told by Mr. Duke that there are no rules regarding this matter. He further stated that if there is no rule, there is no comp time. Council Member Rousselle advised the Administration that they should create a policy.

Council Member Rousselle moved to Agenda Item 3, "Audits in Progress". Without objection, so ordered.

Under Item 3a, "Status of the Recreation Department Internal Audit" Mr. Duke stated that he had gathered the information needed to conduct the audit and the Recreation Department has been very responsive. He is currently writing up the audit and hopefully will get the report out in September.

Under Item 3b, "Status of Community Action Internal Audit", Mr. Duke said he was currently in progress. The notification was sent out and he is working on this audit.

Council Member Rousselle moved to Agenda Item 4, "Approval of minutes from the March 13, 2020, meeting". Without objection, so ordered. On motion of Council Member Rousselle, second by Council Member Newberry and on roll call, all members present voting "YES", except council Member Cognevich who was "ABSENT", the minutes were adopted by a vote of 2-0.

There being no further business to come before the committee, on motion of Council Member Rousselle, seconded by Council Member Newberry and on roll call all members present voting "YES", except Council Member Cognevich who was "ABSENT", the meeting was adjourned at 3:40 p.m. with a vote of 2-0.

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CHAIRMAN

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SECRETARY

A full copy of the report can be found on the Parish website: [www.plaqueminesparish.com](http://www.plaqueminesparish.com) by selecting "Government" and then clicking on the "Internal Audit" link or at the Council Secretary's Office.