



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

February 24, 2014

CAPITAL AREA TRANSIT SYSTEM (CATS)

The Capital Area Transit System, the agency that provides bus service in East Baton Rouge Parish, failed to deposit more than \$158,000 in cash from transit fares and the sale of bus passes to riders between January 1, 2012 and June 30, 2013, according to an investigative audit released Monday by Legislative Auditor Daryl Purpera.

The audit also found that former CATS Chief Executive Officer Brian Marshall was paid \$26,827 in salary for 304 hours he did not work and 140 hours of leave for which he was not entitled. Former CATS Chief Financial Officer Gary Owens was paid \$8,632 for 171 hours of wages he did not earn, according to the report.

The audit has been referred to the District Attorney's Office in East Baton Rouge Parish for review. CATS' management originally reported to Purpera's office last July that ex-CATS Board Member Montrell McCaleb paid personal bills totaling \$1,484 through a CATS bank account. McCaleb was later arrested.

The audit said that between January 2012 and June 2013, CATS collected \$1,944,154 in fares aboard buses, but \$1,864,658 million was deposited in the bank, "resulting in a shortage of \$79,496."

The audit said that although Marshall and Owens acknowledged they were aware of the fare shortages, some dating as far back as 2010, "no significant actions were taken to safeguard public funds." The report by the state auditor said when Owens began performing daily audits of fare box collections in July, the shortages stopped; an indication that theft had been a problem in the CATS system.

CATS did not have written policies relating to processing the fares, used broken and out-of-date equipment, and did not adequately train or supervise employees handling the funds, or both, the audit said.

The report also said during the 18-month period, bus passes worth \$78,648 were used "with no corresponding revenue being either collected and/or deposited in the bank." The audit said CATS passes valued at \$355,336 were used from January 2012 through June 2013 but the bus company deposited \$276,688 from the sale of the passes.

"Of the passes used, CATS has no records of selling or depositing funds associated with 15,064 passes which are valued at \$78, 648," the audit said. "This indicates that passes may have been given to or taken by individuals at no cost or sold to customers with no revenue recorded or deposited. It



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

does not appear that any reconciliation or audit of passes purchased, sold and used has ever been conducted.”

On the finding dealing with pay for Marshall and Owens, the audit said the bus company’s “overall payroll practices are not consistent with written policy, and payroll disbursements are not substantiated by the appropriate records.”

Marshall resigned April 22 without giving CATS 30 days’ written notice as his work agreement required. The audit said that the agreement did not contain a severance pay provision. The report said although Marshall “failed to comply with his notice obligation,” CATS agreed to pay him salary and benefits through June 13, 2013. “It does not appear that the CATS board approved this payment,” the audit said.

Based on auditors’ calculations, Marshall was paid \$18,368 for 304 hours he did not work and \$8,459 for 140 hours of leave he did not have.

Owens was paid \$28,067 in his final paycheck in August, the audit said, including \$8,632 for 171 hours he did not earn in vacation, compensatory time and sick leave.

The audit also pointed out that although the latest version of the employee procedural handbook dates to 2005, CATS’ payroll practices are not consistent with it and “not substantiated by the appropriate records.”

It said that the company’s administrative employees earn vacation leave in excess of what is allowed by the policy handbook. The state auditor also says that CATS regularly allows employees to be paid for unused vacation while still employed; allows employees to be paid for unused sick leave; and allows some part-time employees to earn paid vacation, sick leave and personal leave, all against the company’s written policy.

The report said CATS “does not maintain accurate vacation, sick and compensatory time records” and does not require administrative personnel to maintain time and attendance records.

For more information, contact:

Daryl G. Purpera, CPA, CFE
Legislative Auditor
225-339-3800

On Twitter: CATS failed to deposit more than \$158,000 in cash from transit fares, sale of bus passes to riders.