

RAPIDES PARISH COLISEUM AUTHORITY



INVESTIGATIVE AUDIT  
ISSUED FEBRUARY 5, 2014

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

**LEGISLATIVE AUDITOR**  
DARYL G. PURPERA, CPA, CFE

**DIRECTOR OF INVESTIGATIVE AUDIT  
AND ADVISORY SERVICES**  
ROGER W. HARRIS, J.D., CCEP

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

February 5, 2014

**MR. MURPHY RACHAL, PRESIDENT,  
AND MEMBERS OF THE RAPIDES PARISH  
COLISEUM AUTHORITY**

Alexandria, Louisiana

We have audited certain transactions of the Rapides Parish Coliseum Authority. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the credibility of certain financial transactions.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*.

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 Ninth Judicial District of Louisiana and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

DGP/ch

RPCA 2014

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## EXECUTIVE SUMMARY

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### **Executive Director Paid Herself Excessive Compensation**

From August 12, 2010 to February 19, 2013, former Rapides Parish Coliseum Executive Director Kimberly Neal Townley paid herself excess compensation of \$30,843, consisting of 14 payroll checks totaling \$15,736 and 538 hours of unearned leave for which she received \$15,107. Because she paid herself for time that she did not work or was entitled to and for leave hours that she did not earn, Ms. Townley appears to have violated state law.

### **Executive Director Gave Herself an Unauthorized Pay Increase**

Beginning May 31, 2012, Ms. Townley increased her hourly pay rate by \$1 without Coliseum Authority approval. According to payroll records, between May 31, 2012 and February 19, 2013 (when Ms. Townley resigned), the \$1 pay raise Ms. Townley paid herself totaled \$1,911. Because Ms. Townley knowingly increased her pay without Coliseum Authority approval, Ms. Townley may have violated the Louisiana Constitution, state law, and Coliseum policy.

### **Executive Director Understated Her Earnings**

Ms. Townley's W-2 Wage and Tax Statement reported that she earned \$68,263 from the Coliseum in 2011. The Coliseum's payroll records, on the other hand, indicate that Ms. Townley was paid \$77,712 during this time. Therefore, it appears that Ms. Townley's 2011 income was understated by \$9,449 and may result in additional taxes being owed to the state and federal governments.

## BACKGROUND AND METHODOLOGY

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The Rapides Parish Coliseum is a 65,000 square foot domed facility that contains more than 5,475 seats. The 48-year old building has hosted thousands of events since opening in 1965, including concerts, monster truck shows, trade shows, sporting events and high school graduations. The Coliseum is governed by a nine-member board known as the Rapides Parish Coliseum Authority; Coliseum Authority members are appointed by the Rapides Parish Police Jury.

In May 2010, Kimberly Neal Townley was hired by the Coliseum Authority to serve as the Coliseum's temporary executive director for the summer. According to Coliseum Authority President Murphy Rachal, members of the Coliseum Authority were pleased with Ms. Townley's job performance and made her the permanent executive director on August 12, 2010. By the end of 2012, Ms. Townley's job performance had declined, resulting in a pre-disciplinary hearing being scheduled for Ms. Townley on February 19, 2013, at 9:30 a.m. Twenty-eight minutes before the hearing was scheduled to begin, Ms. Townley e-mailed her resignation, effective immediately, to the Coliseum Authority.

The Coliseum Authority and its independent financial auditor subsequently made the Rapides Parish Police Jury aware of their financial management concerns. On April 1, 2013, the Rapides Parish Police Jury assumed control of the Coliseum's accounting functions. On April 18, 2013, the Coliseum Authority adopted the Police Jury's personnel policy manual.

This audit was initiated as a result of allegations of financial irregularities at the Coliseum. The procedures performed during this audit included:

- (1) interviewing Coliseum employees and Coliseum Authority members;
- (2) interviewing other persons as appropriate;
- (3) examining selected Coliseum documents and records;
- (4) gathering and examining documents and records from external parties; and
- (5) reviewing applicable state laws and regulations.

## FINDINGS AND RECOMMENDATIONS

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### **Executive Director Paid Herself Excessive Compensation**

**From August 12, 2010 to February 19, 2013, former Rapides Parish Coliseum Executive Director Kimberly Neal Townley paid herself excess compensation of \$30,843, consisting of 14 payroll checks totaling \$15,736 and 538 hours of unearned leave for which she received \$15,107. Because she paid herself for time that she did not work or was entitled to and for leave hours that she did not earn, Ms. Townley appears to have violated state law.<sup>1 2 3</sup>**

#### Coliseum Operations

As executive director of the Rapides Parish Coliseum Authority, Ms. Townley was responsible for the Coliseum's day-to-day operations. According to Coliseum Authority members and Coliseum employees, Ms. Townley personally handled the accounting, wrote and signed checks for general expense payments, processed payroll, and approved all leave requests. Ms. Townley confirmed that she was in charge of maintaining the accounting records and the daily operations of the Coliseum. Coliseum payroll records show that employees are paid on a weekly basis. According to Coliseum Authority members, Coliseum checks require dual payer signatures, and as a routine practice, Ms. Townley would have Coliseum Authority members sign multiple blank checks in advance of the checks being written. For the Coliseum Authority's monthly meetings, Ms. Townley was also responsible for preparing and presenting the Coliseum's current financial information.

#### Excessive Payroll Checks Received

According to Ms. Townley, when she began her permanent employment with the Coliseum, she had a starting salary of \$60,000 and was assured of "fringe benefits" in the form of overtime pay, which would be paid to her once the overtime worked reached a total of 40 hours. However, payroll records indicate that the Coliseum's two salaried, full-time permanent employees -- Ms. Townley and the maintenance manager -- earned annual and sick leave, but did not accrue overtime in the accounting system and were not paid overtime. Coliseum Authority Vice President James "Jimbo" Thiels, Jr. confirmed that Ms. Townley's salary and annual and sick leave were all that she was entitled to receive. In addition, a review of the records indicates that Ms. Townley's starting salary was \$45,000. It was not until January 4, 2011, that Ms. Townley's salary was increased to \$60,000, where it remained through the end of her employment. This is generally consistent with our review of the payroll records, except for one instance in which Ms. Townley gave herself an unauthorized \$1 per hour increase in pay, beginning May 24, 2012. This unauthorized pay increase is reported in the finding titled, *Executive Director Gave Herself an Unauthorized Pay Increase*.

We reviewed payroll checks over a 131-week period that began on August 12, 2010 and ended on February 19, 2013. Because employees are paid weekly, Ms. Townley should have

received 131 payroll checks during this time. However, our review of the Coliseum's records indicated that Ms. Townley paid herself 145 weekly payroll checks over the 131-week period, resulting in an overpayment of 560 hours (14 weeks at 40 hours per week) totaling \$15,736 in wages that she did not earn or was not entitled to receive. It appears that Ms. Townley signed all 145 checks and deposited them into her personal checking accounts. It further appears that Ms. Townley was able to overpay herself because she was personally responsible for processing and accounting for payroll expenses and because Coliseum Authority members sometimes pre-signed blank checks. In addition, neither the payroll system nor the payroll checks recorded an overtime accrual account or an overtime balance owed to Ms. Townley.

Because she paid herself for wages that she did not earn or was not entitled to receive, Ms. Townley appears to have violated state law.<sup>1</sup>

#### Annual and Sick Leave Paid but not Earned

On July 22, 2010, Ms. Townley signed the *Rapides Parish Coliseum Leave Policy and General Information Form*, which states, in part, "I have read, understand, and agree to abide by these policies." At that time, the policy provided that Ms. Townley could not earn annual and sick leave until she became a permanent full-time employee and worked four 40-hour weeks. According to Coliseum Authority meeting minutes, Ms. Townley became a permanent full-time employee on August 12, 2010. At that time, despite having agreed to abide by the leave policy, Ms. Townley had accumulated 68 hours of leave in the accounting system. Upon further review, we determined that Ms. Townley not only accrued leave in violation of Coliseum policy, but was earning annual and sick leave at rates higher than the Coliseum policy allowed.

We interviewed four Coliseum Authority members and asked them if the Coliseum Authority had approved Ms. Townley to accrue leave at a different rate than the Coliseum's leave policy. All four Coliseum Authority members indicated that Ms. Townley should have been following the Coliseum's leave policy.

Our review of payroll records indicates that, in addition to their regular pay, employees were being paid for leave without actually being absent from work. This practice would allow an employee, within a one-week payroll cycle, to receive both a payroll check and a leave check. According to Ms. Townley, the practice of receiving cash payments for leave accruals began prior to her becoming executive director. However, our review of payroll records indicates that employees began receiving leave checks in December 2010, after Ms. Townley became executive director and not prior to her employment, a fact that was confirmed by the Coliseum's maintenance manager.

Payroll records indicate that Ms. Townley earned annual and sick leave during her first year of employment at 2.9 times the amount allowed by the Coliseum's leave policy and, in subsequent years, at two times the amount allowed by the Coliseum's leave policy. For example, when the Coliseum's leave policy allowed Ms. Townley to earn a total of 1.8 hours of annual and sick leave in a one-week period, Ms. Townley recorded 5.2 hours of annual and sick leave. According to Ms. Townley, the accounting system would automatically calculate leave balances

based on a rate that was established before her employment with the Coliseum, and that she had no knowledge of how leave rates were calculated.

A review of the accounting system's payroll records appears to contradict Ms. Townley's statement. Coliseum employees who were employed prior to Ms. Townley's date of hire earned leave in accordance with Coliseum policy. However, the four employees hired by Ms. Townley were allowed to earn leave at rates in excess of Coliseum policy. Three of these employees earned leave at the same rate as Ms. Townley; the fourth employee earned leave at a lower rate, but at a rate slightly higher than Coliseum policy. A review of the accounting software shows that when a new employee is hired, the person recording the employee's information into the system must create an employee profile. Although it is true that the profile automatically defaults to the leave rates Ms. Townley was accruing -- 5.2 hours per week -- the accounting system allows the user to easily adjust leave rates to comply with Coliseum policy.

Since Ms. Townley agreed to abide by the Coliseum's leave policy, which stated that her total leave accruals began at 1.8 hours per week, and she was responsible for (1) the general accounting; (2) entering information into the accounting system; (3) creating leave accrual accounts for new employees; and (4) producing the weekly payroll, it appears that Ms. Townley did have knowledge of the correct leave accrual rates and how the rates were calculated and accrued in the accounting system.

In addition, when Ms. Townley did not have sufficient leave balances, she appears to have manipulated her leave balances to prevent a negative balance in her account. Once when her leave balance was low, Ms. Townley increased her leave balance to a level that would allow her to write a leave check for 16 hours when, in fact, she only had 11.2 hours of leave. Our review of records showed that this type of situation occurred on at least 10 occasions during her employment. By accruing leave that she did not earn, Ms. Townley was able to maintain a positive balance in the accounting records, except for two instances in which her leave account was overdrawn by 2 hours and 3.6 hours, respectively.

We calculated Ms. Townley's annual and sick leave based on the Coliseum's leave policy and compared it to the leave that Ms. Townley's payroll records indicated. According to the Coliseum's leave policy, from August 12, 2010 to February 19, 2013, Ms. Townley should have earned 170 hours of annual leave and 126 hours of sick leave for a total of 296 hours of earned leave. A review of Ms. Townley's payroll records for the same time period showed that she paid herself 501 hours of annual leave and 333 hours of sick leave for a total of 834 hours. Therefore, based on her hourly pay rate, Ms. Townley was overpaid for 538 (834 - 296) hours of unearned leave totaling \$15,107. A review of Ms. Townley's bank records indicates that her personal bank account was charged \$3,455 in NSF/overdraft fees during this same time period.

As was stated previously, it appears that Ms. Townley was able to overpay herself because she was personally responsible for processing and accounting for payroll expenses, and Coliseum Authority members do not appear to have required written checks prior to signing them, but rather pre-signed blank checks. In addition, it appears that Ms. Townley was able to overpay herself by overstating and manipulating her leave accruals in the accounting records.

Because she received payment for 1,098 (560 + 538) hours of excess compensation, Ms. Townley appears to have violated state laws<sup>1,2,3</sup> and the Coliseum's leave policies.

### **Executive Director Gave Herself an Unauthorized Pay Increase**

**Beginning May 31, 2012, Ms. Townley increased her hourly pay rate by \$1 without Coliseum Authority approval. According to payroll records, between May 31, 2012 and February 19, 2013 (when Ms. Townley resigned), the \$1 pay raise Ms. Townley paid herself totaled \$1,911. Because Ms. Townley knowingly increased her pay without Coliseum Authority approval, Ms. Townley may have violated the Louisiana Constitution, state law, and Coliseum policy.**

According to the minutes of a public meeting attended by Ms. Townley on July 15, 2010, the Coliseum Authority approved giving full-time employees a \$1 per hour pay increase. Nearly two years later, in May 2012, Ms. Townley gave herself a \$1 per hour pay increase, but did so without Coliseum Authority approval. According to payroll records, from May 31, 2012 to February 19, 2013 (when Ms. Townley resigned), the \$1 pay raise Ms. Townley received totaled \$1,911 for 1,911 hours that were not approved by the Coliseum Authority. The Coliseum's poor recordkeeping prevented us from determining what portion of the \$1,911 was income from an unauthorized pay raise versus the amount of excessive compensation that Ms. Townley paid herself (as reported in the previous finding).

Because Ms. Townley gave herself an unauthorized pay rate increase without Coliseum Authority approval, Ms. Townley may have violated the Louisiana Constitution,<sup>4</sup> state law,<sup>5</sup> and Coliseum policy.

### **Executive Director Understated Her Earnings**

**Ms. Townley's W-2 Wage and Tax Statement reported that she earned \$68,263 from the Coliseum in 2011. The Coliseum's payroll records, on the other hand, indicate that Ms. Townley was paid \$77,712 during this time. Therefore, it appears that Ms. Townley's 2011 income was understated by \$9,449 and may result in additional taxes being owed to the state and federal governments.**

### **Recommendations**

We recommend that the Coliseum:

- (1) seek reimbursement of \$30,843 in unearned income from Ms. Townley; and
- (2) issue Ms. Townley a corrected 2011 W-2 Wage and Tax Statement and file corrected forms with the state and federal governments for the amount of unearned income not recoverable from Ms. Townley.

## LEGAL PROVISIONS

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### <sup>1</sup> **La. R.S. 14:67, Theft**

A. Theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations. An intent to deprive the other permanently of whatever may be the subject of the misappropriation or taking is essential.

### <sup>2</sup> **La. R.S. 14:133, Filing or maintaining false public records**

A. Filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, of any of the following:

- (1) Any forged document.
- (2) Any wrongfully altered document.
- (3) Any document containing a false statement or false representation of a material fact.

### <sup>3</sup> **La. R.S. 14:70, False accounting**

False accounting is the intentional rendering of a financial statement of account which is known by the offender to be false, by anyone who is obliged to render an accounting by the law pertaining to civil matters.

### <sup>4</sup> **Louisiana Constitution, Article 7 Section 14, Donation, Loan, or Pledge of Public Credit**

Section 14 (A) Prohibited Uses. Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

### <sup>5</sup> **La. R.S. 42:1461, Public property; personal obligations of officials, employees, and custodians; actions; prescription**

A. Officials, whether elected or appointed and whether compensated or not, and employees of any "public entity," which, for purposes of this Section shall mean and include any department, division, office, board, agency, commission, or other organizational unit of any of the three branches of state government or of any parish, municipality, school board or district, court of limited jurisdiction, or other political subdivision or district, or the office of any sheriff, district attorney, coroner, or clerk of court, by the act of accepting such office or employment assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other thing of value belonging to or under the custody or control of the public entity in which they hold office or are employed.

## APPENDIX A

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### Management's Responses

JOSEPH "JOE" BISHOP  
President

DAVRON "BUBBA" MOREAU  
Vice-President

TIM F. WARE  
Treasurer

LAUREL SMITH  
Secretary

DISTRICT A  
DAVRON "BUBBA" MOREAU  
148 SUSAN DRIVE  
PINEVILLE, LA 71360

DISTRICT B  
JOSEPH "JOE" BISHOP  
4200 STILLMEADOW LANE  
PINEVILLE, LA 71360

DISTRICT C  
CRAIG SMITH  
20 PAUL CEMETERY ROAD  
DEVILLE, LA 71328

DISTRICT D  
THEODORE FOUNTAINE, JR.  
509 EVANGELINE LANE  
ALEXANDRIA, LA 71302



DISTRICT E  
RICHARD G. VANDERLICK  
400 GLADYS DRIVE  
ALEXANDRIA, LA 71303

DISTRICT F  
OLIVER "OLLIE" OVERTON  
3808 SPENCER STREET  
ALEXANDRIA, LA 71302

DISTRICT G  
SEAN MCGLOTHLIN  
433 CAMILLE STREET  
ALEXANDRIA, LA 71301

DISTRICT H  
RICHARD W. BILLINGS  
137 JOHN BONNETTE ROAD  
GLENMORA, LA 71433

DISTRICT I  
SCOTT PERRY, JR.  
4324 ENGLAND DRIVE  
ALEXANDRIA, LA 71303

January 14, 2014

Hon. Daryl G. Purpera  
Post Office Box 94397  
Baton Rouge LA70804-9397

**RE: Rapides Parish Coliseum Authority**

Dear Mr. Pupera:

Please find enclosed the response of the Rapides Parish Police Jury to your letter of January 6, 2013. If any additional information is needed please call upon me.

Thank you for your assistance.

Very truly yours,

*Joe Bishop*  
Joseph Bishop  
President

Enclosures

TELEPHONE  
318-473-6660

P. O. BOX 1150  
ALEXANDRIA, LOUISIANA 71309-1150

FAX  
318-473-6670

Regular monthly meetings on second Monday of each month at 3:00 p.m.  
Internet: <http://www.rppj.com>

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## RESPONSE OF RAPIDES PARISH POLICE JURY

1. In March of 2013, representatives of the Rapides Parish Coliseum Authority and the Rapides Parish Police Jury learned of possible improper and/or possible illegal activity involving the Rapides Parish Coliseum Authority. Immediate steps were taken to inform the Rapides Parish Sheriff's Office, Rapides Parish District Attorney and the Office of the Legislative Auditor of this information. In addition the Rapides Parish Treasurer's Office conducted an evaluation of the financial records of the Authority. As a result of that evaluation the Treasurer's Office found that the Authority's financial records were incomplete and that proper public accounting methods were not being utilized by the Authority.
2. On April 1, 2013 the Rapides Parish Police Jury assume control over all expenditures and payroll activity of the Authority utilizing standard accepted public accounting practices required by State and Federal law. The Authority was also instructed to bring all revenues to the Rapides Parish Police Jury to be deposited and recorded in a separate fund for use by the Authority.

Since that time these financial matters of the Authority are being handled by the Rapides Parish Treasurer's Office.

3. Furthermore, the evaluation of the records revealed reporting errors regarding Federal and State payroll taxes for 2012 and 2013. This has been corrected and brought up to date. The Treasurer's Office did not review 2011's State and Federal Payroll taxes however but because of the audit, it has been brought to our attention that certain W2's were under reported. The Treasurer's Office is in the process of sending out corrected W2's for the 2011 time period.



# RAPIDES COLISEUM

January 14, 2014

2014 JAN 21 AM 10:55

Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Mr. Purpera,

In March of 2013, representatives of the Rapides Coliseum Authority and the Rapides Parish Police Jury learned of possible improper and/or illegal activity involving the Rapides Parish Coliseum Authority. Immediate steps were taken to inform the Rapides Parish Sheriff's Office, Rapides Parish District Attorney and the Office of the Legislative Auditor of this information. In addition the Rapides Parish Treasurer's Office conducted an evaluation of the financial records of the Authority. As a result of the evaluation the Treasurer's Office found that the Authority's financial records were incomplete and that proper public accounting methods were not being utilized by the Authority.

On April 1, 2013, the Rapides Parish Coliseum Authority requested that Rapides Parish Police Jury assume control over all expenditures and payroll activity of the Authority utilizing standard accepted public accounting practices required by State and Federal law. The Authority was submitted all revenues to the Rapides Parish Police Jury to be deposited and recorded in a separate fund for use by the Authority. Since that time these financial matters of the Authority are being handled by the Rapides Parish Treasurer's Office.

Furthermore, the evaluation of the records revealed reporting errors regarding Federal and State payroll taxes for 2012 and 2013. This has been corrected and brought up to date. Furthermore, the Treasurer's Office is in the process of sending out corrected W2's for the 2011 time period.

Thank you,

James Thiels  
President  
Rapides Parish Coliseum Authority