

STATE OF LOUISIANA LEGISLATIVE AUDITOR

**Department of Culture,
Recreation and Tourism
Office of State Parks**
Baton Rouge, Louisiana

May 14, 2003



Investigative Audit

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Daryl G. Purpera, CPA, CFE

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May 14, 2003

THE HONORABLE KATHLEEN BLANCO,
LIEUTENANT GOVERNOR
DEPARTMENT OF CULTURE,
RECREATION AND TOURISM
OFFICE OF STATE PARKS
Baton Rouge, Louisiana

Transmitted herewith is our investigative report of the Office of State Parks. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

This report presents our findings and recommendations as well as your response. Copies of this report have been delivered to the Department of Culture, Recreation and Tourism; the Honorable Walter P. Reed, District Attorney for the Twenty-Second Judicial District of Louisiana; and others as required by state law.

Respectfully submitted,

A handwritten signature in cursive script, reading "Grover C. Austin".

Grover C. Austin, CPA
First Assistant Legislative Auditor

CGM:EKL:DGP:dl

[CRT03]

Executive Summary

Investigative Audit Report Department of Culture, Recreation and Tourism Office of State Parks

Background *(See page 5.)*

The Office of State Parks was created within the Department of Culture, Recreation and Tourism to administer the state's 17 parks and 16 state historic sites. On August 22, 2002, the Office of Legislative Auditor received an allegation that the Office of State Parks District Manager Douglas Beaujeaux used the state's credit card for personal purchases. This investigative audit was performed to determine the propriety of this allegation.

Finding *(See pages 7-11.)*

Mr. Douglas Beaujeaux, former district manager for the Office of State Parks (OSP), and Mr. Ronald Watson, former maintenance superintendent for OSP, admitted using the state's LaCarte Credit Cards (LaCarte Cards) for personal use. OSP records indicated that from January 2001 to November 2002 (a 22-month period), Mr. Beaujeaux used the LaCarte Card to charge purchases totaling \$58,019. Of this amount, Mr. Beaujeaux admitted that he used the state's credit card to purchase items totaling \$6,955 for his personal use. Mr. Watson stated that, during the same time period, he used state funds totaling \$499 to purchase a utility trailer, which Mr. Beaujeaux used to haul his personal lawnmower.

Finding *(See pages 11-13.)*

From January 2000 to October 2002, OSP paid Doug's Repairs a total of \$42,639 to repair equipment for Fontainebleau State Park. Of this amount, OSP paid fraudulent invoices totaling \$11,393 that were used to conceal purchases of lawn equipment for the personal use of former OSP District Manager Douglas Beaujeaux.

Finding *(See pages 14-16.)*

From March 1997 to September 2002, OSP paid 31 guest checks (invoices) totaling \$8,362 to Bears Restaurant. Of this amount, former OSP District Manager Douglas Beaujeaux instructed his wife to prepare at least 11 invoices that included fictitious purchases totaling \$2,646 from Bears Restaurant. Mr. Beaujeaux submitted fraudulent invoices to OSP indicating that kitchen utensils and equipment were purchased for Fontainebleau State Park.

Finding (See pages 16-19.)

Former Maintenance Superintendent Ronald Watson took a state-owned tractor and a box scraper for his personal use.

Recommendations (See page 21.)

Our examination disclosed certain weaknesses in the controls at Fontainebleau State Park. We found excessive inventory of maintenance items such as grass trimmers, chainsaws, and building materials. Many of these items were still in the original manufacturers packing, which indicates excessive inventory increasing the risk that these items will be removed and used for personal purposes. Furthermore, excessive inventory increases overall operating cost to the state. We also found that detailed maintenance records were not maintained for equipment. Such records are an essential part of an effective cost control program.

We recommend that OSP review its accounting procedures and internal controls and implement such controls that will reduce the likelihood of misappropriation of public assets. These policies and procedures should, at a minimum, ensure that:

- Management perform periodic audits of card holders at the park management level to deter the use of the state's LaCarte Cards and assets for personal purposes.
- Individual park managers verify credit card purchases made on behalf of their park by matching credit purchases on the card holder purchasing log to vendor invoices and then examining physical items to determine their existence where possible.
- Departmental supervisors/reviewers perform critical reviews of purchases made with the LaCarte Cards to make certain that individual line items on the card holder purchasing log agree with individual line items on the vendor receipt.
- Maintenance personnel maintain adequate records of repairs to machinery and equipment to include parts and labor cost purchased by credit card.
- All request for special meals are approved in advance and supported by a list of the name(s) and title of attendee(s) and that documentation justifying special meals accompany the request as required by the State Travel Regulations and Department of Culture, Recreation and Tourism's travel handbook.
- Proper agency form(s) are prepared and accompany state property that is dismantled or removed from inventory as required by State Property Regulations.
- Management at the OSP departmental level perform periodic random audits of inventories of movable property at the parks and historic sites.

We further recommend that the District Attorney for the Twenty-Second Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

Management's Response *(See Attachment I.)*

Management concurs with the findings and stated that it has begun a comprehensive review of policies and procedures relating to supervisor responsibilities, inventory control, and purchasing (using both purchase orders and the purchasing card). In addition, management stated that policy has been implemented to make supervisors more accountable for the purchases of their subordinates.

Background and Methodology

The Office of State Parks was created within the Department of Culture, Recreation and Tourism to administer the state's 17 parks and 16 state historic sites.

On August 22, 2002, the legislative auditor received an allegation that the Office of State Parks District Manager Douglas Beaujeaux used the state's credit card for personal use. This investigative audit was performed to determine the propriety of this allegation.

The procedures performed during this investigative audit consisted of (1) interviewing employees and officials of the Department of Culture, Recreation and Tourism; (2) interviewing other persons as appropriate; (3) examining selected records; (4) performing observations and analytical tests; and (5) reviewing applicable state and federal laws and regulations.

We acknowledge the assistance provided this investigation by the Department of Culture, Recreation and Tourism's internal auditor and the St. Tammany Parish Sheriff's Office.

The results of our investigation are the findings and recommendations herein.

Findings

Mr. Douglas Beaujeaux, former District Manager for the Office of State Parks (OSP), and Mr. Ronald Watson, former Maintenance Superintendent for OSP, admitted using the state's LaCarte Credit Cards (LaCarte Card) for personal use. OSP records indicated that from January 2001 to November 2002 (a 22-month period), Mr. Beaujeaux used the LaCarte Card to charge purchases totaling \$58,019. Of this amount, Mr. Beaujeaux admitted that he used the state's credit card to purchase items totaling \$6,955 for his personal use. Mr. Watson stated that during the same time period, he used state funds totaling \$499 to purchase a utility trailer, which Mr. Beaujeaux used to haul his personal lawnmower.

OSP allows approved employees to make purchases on behalf of the agency using the LaCarte Procurement Credit Card Program. Employees receiving a credit card are required to sign a "Cardholder's Agreement" agreeing to take responsibility for the security of the card and that they will use the card only for business-related purchases.

Mr. Beaujeaux admitted that he used the LaCarte Card to make purchases for his personal use and that these charges were paid with public funds. OSP records indicate that from January 2001 to November 2002, Mr. Beaujeaux used the LaCarte Card to make purchases totaling \$58,019. Of this amount, Mr. Beaujeaux admitted using the card to purchase 66 items totaling \$6,955 for his personal use. Mr. Beaujeaux indicated that as district manager, physically located at Fontainebleau State Park, he was responsible for 12 state parks. He stated that although each individual park under his jurisdiction has a park manager authorized to use a LaCarte Card, he (Mr. Beaujeaux) routinely purchased items for the individual parks. He stated that each month he completed a purchasing log listing purchases that he had made. Receipts were attached to the credit card statement and then submitted to the Department of Culture, Recreation and Tourism (CRT) for review.

Control of LaCarte Card Use

Ms. Beverly Shaw, fiscal officer for CRT, stated that LaCarte Cards are to be used for low-dollar purchases of \$500 or less each and are limited to \$5,000 per month. Because Mr. Beaujeaux was a district manager, he was limited to purchases of \$7,500 per month. CRT requires each employee to attend a mandatory training class before receiving a LaCarte Card. Records indicate that Mr. Beaujeaux attended a training class on January 11, 2001. After completing the class, Mr. Beaujeaux signed a cardholder user agreement indicating that the card would be used only for business purchases. Mr. Beaujeaux was issued a LaCarte Card shortly after attending the class in January 2001.

Ms. Mary Canella, director of accounting for CRT, stated that although the Department of Finance reviews credit card purchases, it is difficult to determine whether or not certain items were purchased for park use.

Louisiana Division of Administration LaCarte Card policy requires that the supervisor or designated reviewer verify that (1) charges against the cardholder's account are authorized; (2) transactions are supported by acceptable documentation (including line-item description and price) to support each purchase; and (3) purchases are for official state business. The supervisor/reviewer should sign the purchasing log certifying his or her review and approval. During our review of the log sheets submitted and prepared by Mr. Beaujeaux, we noted instances where the log sheets did not list personal items purchased by him. In addition, some vendor receipts were coded which made it difficult to determine what was actually purchased. Furthermore, we noted that at least two of the logs lacked signatures by supervisors or reviewers indicating they had not been reviewed.

DEPARTMENT OF CULTURE, RECREATION AND TOURISM
OFFICE OF STATE PARKS
LA CARTE PURCHASING CARD

CARDHOLDER PURCHASING LOG - FOR BILLING CYCLE 6.6.02 THROUGH 7.5.02

PARK / HISTORIC SITE: Fontainebleau State Park
EXPENDITURE ORGANIZATION: 6462

NO.	DATE	VENDOR NAME	DESCRIPTION	Beginning Balance in each code:			AMOUNT	3100	3120	3170	510
1	6/4/02	Dan's Lawnmower	Wooddeck Repair				567.87				
2	6/6/02	Wawa Drive	Cokes, water, KINDSKE				41.60				41
3	6/6/02	Home Depot	Fuel Cell's Diesel Gen				460.70				460
4	6/6/02	Office Depot	Office supplies				471.32	171.32			
5	6/6/02	Home Depot	6/16" Seal Tape				176.75				176
6	6/6/02	Quincy Ace Hardware	10" Radial Saw				499.95				499
7	6/6/02	STP Shop	Spray Blue				170.90				170
8	6/6/02	Home Depot	Plastic, Foam, Flooring				3244.70				3244
9	6/6/02	Poole Lumber	Lumber, 2x4 2x6				357.21				357
10	6/6/02	Sam's	Tool, wrench				468.93				468
11	6/6/02	Home Depot	Buckets, Art's Brushes				383.71				383
12	6/6/02	Lentox Est	Angle Drill				499.00				499
13	6/6/02	Home Depot	Spray, Plastic				162.61				162
14	6/6/02	Circuit City	TV				499.99				499
15	6/6/02	Lentox Est	Angle Gen				369.02				369
16	6/6/02	Lentox Est	Light, Sand Shovel				490.00				490
17	6/6/02	Five Gum Fleet	Carry on case, Sparker, Shovel				224.08				224
18	6/6/02	Lentox Est	Tool Gen				339.00				339
19	6/6/02	Wawa Drive	Cokes, Drinks				88.43				88
GRAND TOTALS: (CONTINUED ON PAGE 2)				SUBTOTALS:			5694.35	171.32			5865

Ending Balances by Object code:

This Purchasing Log is to be used to help reconcile purchases made during the billing cycle by matching the items shown against records from the bank or the documentation obtained from the vendor and provided. This documentation must be available should these logs not date the Purchasing Log and forward as further appropriate. The cardholder's supervisor and designated reviewer must review all purchasing card transactions, documentation and paper copies thoroughly, and must sign individual log and monthly report. After approval, the original documentation, Purchasing Log, and the paper copies must be forwarded to the Accounting Office for processing. After review, the Purchasing Log is signed and dated by the Business Services Manager. See the

CARDHOLDER SIGNATURE/DATE: [Signature] 6/2/02
SUPERVISOR/REVIEWER SIGNATURE/DATE: [Signature]
BUSINESS SERVICES MGR SIGNATURE/DATE: [Signature]

#13

THE HOME DEPOT 0358
40 PARK PLACE DRIVE, COVINGTON, LA 70433
STORE MGR DAVE COWART (985)871-9231

SALE 0358 00012 76021 06/15/02
11 304 08:53 AM

723079077086 EGGKNOBPRV	54.00
223079077086 EGGKNOBPRV	54.00
084865331127 2 OZ BENGA	4.96
613499080004 OVEROUT 10	19.44
617068118136 9/16" PLAN	58.85
617068118136 9/16" PLAN	58.85
070052002086 POLY SHEET	39.97
SUBTOTAL	467.61
NO TAX	0.00
TAX EXEMPT ID# 184900001	
TOTAL	\$467.61
VISA/MC	467.61
XXXXXXXXXXXX5666	
AUTH CODE 054860/6121371	TA

0358 12 76021 06/15/02 4944

RECEIPT REQUIRED FOR REFUND
DRIVING DOWN PRICES EVERYDAY
WWW.HOMEDEPOT.COM

Mr. Beaujeaux's purchasing log indicates that spray and plastic were purchased. However, the corresponding receipt shows that personal purchases of brass egg-shaped doorknobs (EGGKNOBPRV) and wood flooring (9/16" PLAN) found installed at Mr. Beaujeaux's residence were not listed on the log.

Personal Items Purchased With the State's LaCarte Card	Merchant	Amount
Brass Doorknobs and Locks	Home Depot	\$827.00
Bug Buster Lights	Home Depot	\$51.71
Catch Basins	Home Depot	\$110.91
Ceramic Tile	Home Depot	\$280.86
Cordless Phones	Office Depot	\$219.98
Deck Torches	Wal-Mart	\$102.48
Dimmer Switches	Home Depot	\$27.00
Dishwasher and Kit	Home Depot	\$392.98
Drills	Lemonine Enterprise	\$494.00
Electric Cord	Home Depot	\$32.91
DVD and Compact Disc	Circuit City	\$498.99
Speakers and Mounting Kit	Pine Grove Electrical	\$398.01
Faucets	Home Depot	\$250.00
Hand Shower	Home Depot	\$54.97
Home Safe	Office Depot	\$29.99
Patio Sink	Home Depot	\$59.00
Lantern	Home Depot	\$99.96
Medicine Cabinet	Home Depot	\$99.00
Outdoor Cooker	Home Depot	\$99.00
Patio Table	Home Depot	\$50.00
Refrigerator	Sears	\$229.99
Shot Gun	Belso, Inc.	\$395.00
Toilet Seat	Home Depot	\$29.72
Wall Pictures	Gordon's	\$330.66
Wood Blinds	Home Depot	\$706.65
Wood Flooring and Molding	Home Depot	\$1,036.80
Wood Lattice	Home Depot	\$47.88
Total		<u>\$6,955.45</u>

Mr. Beaujeaux's Statement

Mr. Beaujeaux stated that he used the LaCarte Card to purchase the items listed above for personal use. It should be noted that the above items were found at Mr. Beaujeaux's house. According to Mr. Beaujeaux, because the LaCarte Card made it easy to make purchases, he got caught up in the purchasing process. During our review, we noted that many of the personal purchases made by Mr. Beaujeaux were similar to items purchased and used by OSP. Also, many of the items appear to be items (wood flooring, brass door knobs, wood blinds, and DVD/Compact Disc player) that would likely not have been purchased for use at a state facility.

Photos of personal items found at Mr. Beaujeaux's house purchased with the LaCarte Card



Wood Flooring



Panasonic DVD Surround Sound and Sony Compact Disc



Maytag Dishwasher



Wood Blinds

In addition, records indicate that on April 4, 2002, Mr. Watson, former maintenance superintendent, used the LaCarte Card to purchase a utility trailer from North Shore Trailer Sales for \$499. According to Mr. Watson, he purchased the trailer at Mr. Beaujeaux's instructions. He stated that although he brought the trailer to Fontainebleau State Park, he does not recall ever using the trailer for park business. Mr. Beaujeaux stated that he used the trailer to haul his personal lawnmower (as seen on page 13).

On October 19, 2002, OSP suspended Mr. Beaujeaux pending an investigation. On October 30, 2002, Mr. Beaujeaux retired from state service. During December 2002, Mr. Beaujeaux issued OSP a certified check in the amount of \$4,989 as a preliminary reimbursement for items he purchased with state funds for personal use.

According to management for OSP, Mr. Watson has resigned his position as district maintenance supervisor effective March 7, 2003.

From January 2000 to October 2002, OSP paid Doug's Repairs a total of \$42,639 to repair equipment for Fontainebleau State Park. Of this amount, OSP paid fraudulent invoices totaling at least \$11,393 that were used to conceal purchases of lawn equipment for the personal use of former OSP District Manager Douglas Beaujeaux.

Fontainebleau State Park is the district office location for OSP, district one. The maintenance repairman, foreman, and district maintenance superintendent at the park are responsible for maintaining the park's equipment. In most cases, the repairman is capable of repairing broken equipment; however, there are instances when some repairs require technical knowledge and skills beyond the capability of OSP personnel. In these situations, equipment is taken to an outside vendor for repairs. Records indicate that former District Manager Douglas Beaujeaux took the park's lawn equipment to Doug's Repairs for service or repairs.

From January 2000 to October 2002, OSP paid Doug's Repairs a total of \$42,639. Of this amount, 32 fraudulent invoices totaling at least \$11,393 described repairs to lawn equipment at Fontainebleau State Park. These repairs were not performed. Mr. Beaujeaux submitted 19 of the repair tickets to OSP for payment and charged the remaining 13 repair tickets to the state's LaCarte Card. According to the tickets, repairs were made to a pressure washer, blowers, chainsaws, trimmers, weed eaters, and lawnmowers. Mr. Beaujeaux signed each ticket certifying that the repair work was satisfactory.

According to Mr. Sidney Spell, a repairman at Fontainebleau State Park, small repairs such as changing the oil, filters, spark plugs, and wheels and replacing the pull cords were done in-house at Fontainebleau State Park. He stated that when he encountered a problem repairing the park's equipment he would diagnose the problem, attach a tag (with his diagnosis) to the equipment, and then place the broken equipment in a designated area in the shop to be sent out for repairs. He stated that the maintenance foreman and the park manager would decide whether the equipment was to be taken to an outside shop for repairs. He further stated that he has taken equipment to outside repair shops for service or repairs, but he has never taken broken equipment to Doug's Repairs.

Mr. Dwayne Borel, manager at Fontainebleau State Park, stated that although he was the park's manager, Mr. Beaujeaux took care of repairing the park's equipment. He further stated that repairing the park's equipment was "an area you didn't ask Mr. Beaujeaux too many questions about."

On January 29, 2003, representatives of the legislative auditor's office visited Doug's Repairs and spoke with Mr. Doug McCarthy, Jr., son of the owner of Doug's Repairs. Mr. McCarthy, Jr., informed us that his father, Mr. McCarthy, Sr., had been a long-time friend of Mr. Beaujeaux. He further stated that Mr. Beaujeaux told his father that OSP had limited the amount he could spend on equipment repairs. According to Mr. McCarthy, Jr., as a favor to Mr. Beaujeaux, he and his father would split invoices for repair work performed on lawn equipment for Fontainebleau State Park at Mr. Beaujeaux's request, hoping to encourage future business with the park. He indicated that he was aware that splitting the invoices wasn't right, but he didn't think he or his father had broken the law.

During a follow-up visit to Doug's Repairs on January 30, 2003, we presented Mr. McCarthy, Jr., with invoices that were signed by Mr. Beaujeaux and paid by OSP during the period January 2000 to October 2002, totaling \$11,393. When asked if Doug's Repairs had performed the repairs to the lawn equipment listed on the repair tickets, Mr. McCarthy, Jr., admitted that he had falsified these invoices to conceal payments for two Toro riding lawnmowers and other lawn equipment sold to Mr. Beaujeaux for his personal use.



According to Mr. McCarthy, Jr., after representatives of the legislative auditor inquired of Mr. Beaujeaux about two lawnmowers he had in his possession (pictured left and next page), Mr. Beaujeaux called and instructed him to prepare invoices to indicate he (Mr. Beaujeaux) had purchased the lawnmowers from Doug's Repairs. Mr. McCarthy, Jr., stated that he then prepared two separate invoices, one he dated September 5, 2000, totaling \$2,128, and the other dated July 20, 2001, totaling \$7,974 to indicate Mr. Beaujeaux had

personally purchased the mowers. Mr. McCarthy, Jr., stated that he received OSP funds totaling at least \$10,102 through fraudulent repair invoices to pay for both mowers.

Mr. McCarthy, Jr., further stated that he prepared other fraudulent invoices to OSP to indicate that repairs had been performed to park equipment. He stated that former District Maintenance Superintendent Ronald Watson also used the state's credit card for equipment that was given to Mr. Beaujeaux for personal use. We noted that from January 2002 to September 2002, Mr. Watson used the state's LaCarte Card to pay at least 12 invoices totaling \$4,695 for repairs to a pressure washer, chainsaws, trimmers, weed eaters, Yazoo and Cushman lawnmowers. According to Mr. McCarthy, Jr., although some of the repair tickets indicate that repairs were made to Yazoo and Cushman lawnmowers, Doug's Repairs did not work on mowers made by Yazoo and Cushman.



DOUG'S REPAIRS
448 Lafitte Street
MANEVILLE, LOUISIANA 70448
Phone 626-7711

TO
Doug Watson
1841 Ave. 57
Mandeville LA 70448

DATE: 7/20/01
CUSTOMER ID: 2772

QTY	DESCRIPTION	UNIT PRICE	TOTAL
1	Toro Z-Max 52	7974.16	7974.16

7974.16
Thank You

Fraudulent invoice created by Mr. McCarthy, Jr., in the amount of \$7,974.16 dated July 20, 2001, to conceal a Toro Z Master lawnmower (located in the above photograph) sold to Mr. Beaujeaux for his personal use.

Mr. Watson stated that there were times when Mr. Beaujeaux instructed him to go to Doug's Repairs and pay an invoice for equipment that had been repaired though he (Mr. Watson) did not receive the repaired equipment. He stated that although he had his suspicions, he did not inquire about the repairs nor report it to management. Mr. Watson stated that he paid using his LaCarte Card for repairs to equipment that he knew was not repaired by Doug's Repairs, such as Yazoo and Cushman lawnmowers. He stated he paid the invoices because Mr. Beaujeaux had instructed him to do so.

Mr. McCarthy, Jr., stated that he kept an "off book" ledger to track the payments he collected from the phony invoices. He indicated that once he had collected payments satisfying the debt he discarded the ledger. According to Mr. McCarthy, Jr., he did not receive all the money he should have under the arrangement with Mr. Beaujeaux. However, he stated that although he did not make a profit, he did not lose money.

From March 1997 to September 2002, OSP paid 31 guest checks (invoices) totaling \$8,362 to Bears Restaurant. Of this amount, former OSP District Manager Douglas Beaujeaux instructed his wife to prepare at least 11 invoices that included fictitious purchases totaling \$2,646 to Bears Restaurant. Mr. Beaujeaux submitted fraudulent invoices to OSP indicating that kitchen utensils and equipment were purchased for Fontainebleau State Park.

Former OSP District Manager Douglas Beaujeaux stated that he had an arrangement with Bears Restaurant (Bears) to obtain blank guest checks (invoices). He stated that Mr. Ronald Watson, former district maintenance superintendent of Fontainebleau State Park, used to own the restaurant before turning the operation of the restaurant over to his sons. He stated that Mr. Watson was aware of the arrangement with Bears and that when he (Mr. Beaujeaux) needed blank guest checks Mr. Watson would bring them to him.

Mr. Beaujeaux stated that he kept a book of the blank guest checks from Bears in his office desk drawer at Fontainebleau State Park. He stated that when the employee food budget was

depleted, he would instruct his wife to prepare a guest check from Bears, which included fictitious purchases (cast iron burners, grill bricks for stoves, oven racks, pots and pans, electric coffeepots, and stainless steel shelves) on the invoice. Mr. Beaujeaux stated that he would submit the invoice to OSP and OSP would then issue a payment directly to Bears. In return, Bears would provide him with food for staff and management meetings. According to Ms. Constance Beaujeaux, Mr. Beaujeaux's wife, she was not aware that Bears provided Mr. Beaujeaux with the blank invoices. She also stated that she had no idea that the guest checks she prepared contained fictitious purchases.

GUEST CHECK ^{1.00}			
Date	Table	Guests	Server
			582938
APPT - SOUP/SAL - ENTREE - VEG/POT - DESSERT - BEV			
3			
<i>alum. burner/boiler</i>			
<i>36 burn @ \$51.00 each 153-</i>			
<i>Metro Max stainless</i>			
2			
<i>shelves 24x60</i>			
<i>3 @ 64.00 each 192-</i>			
2			
<i>Metro Max stainless</i>			
<i>shelves 24x48</i>			
<i>@ 54.00 108-</i>			
4			
<i>shelves feet</i>			
<i>@ 10.00 40-</i>			
<i>6-11-02 Total \$492.00</i>			
BEARS RESTAURANT			
128 W. 21st STREET			
COVINGTON, LA 70432ax			
<i>B. Beaujeaux</i>			Total

Guest check from Bears Restaurant prepared by Mrs. Beaujeaux at Mr. Beaujeaux's instructions. According to Mr. Beaujeaux, all the purchases included on the guest check are fictitious.

During March 1997 to September 2002, OSP paid 31 invoices from Bears totaling \$8,362. Of this amount, 11 invoices totaling \$2,646 contain fictitious purchases. Mr. Beaujeaux signed nine of the invoices totaling \$1,677 and Fontainebleau State Park Manager Dwayne Borel signed the two remaining invoices totaling \$969. The invoices indicated that both Mr. Beaujeaux and Mr. Borel made purchases of cast iron burners, grill bricks for stoves, oven racks, pots and pans, electric coffeepots, and stainless steel shelves.

Josh and Matthew Watson (Ronald Watson’s sons and operators of Bears) indicated that Bears sold only po-boy sandwiches and some breakfast foods. They acknowledged that they provided Mr. Beaujeaux with blank guest checks from their restaurant. They stated that Mr. Beaujeaux would stop by the restaurant to pick up blank guest checks when he needed them. It was their understanding that Mr. Beaujeaux only used the blank guest checks to purchase food during employee meetings. Mr. Beaujeaux mainly ordered raw meats from Bears. They stated that they did not see the invoices prepared by Mr. Beaujeaux and would not have knowledge of what he had written on the invoices before submitting the invoices to OSP. They stated that they did not sell the items described on the invoices submitted by Mr. Beaujeaux (pots, pans, oven racks, shelves, burners, can openers or coffeepots).

Ms. Julie Williams, former office secretary for Fontainebleau State Park, stated that Mr. Beaujeaux would bring her as many as five Bears invoices at a time to process. He would instruct her to date the invoices and not send all of them to OSP for processing at one time. She stated that she would prepare a corresponding supplemental receiving report listing the items purchased on the receipt and present the supplemental report to Mr. Borel for his signature. Once Mr. Borel signed the report, she submitted it to OSP for payment.

According to Mr. Borel, Bears sold “Po-boy” sandwiches only. He stated that he has never known Mr. Beaujeaux to purchase pots and pans from Bears. He indicated that there were times when Mr. Beaujeaux would bring him an invoice from Bears that he signed and submitted to Ms. Williams. He stated that he assumed Bears had prepared the receipt. He indicated that although he signed the supplemental receiving reports prepared by Ms. Williams, (certifying that he had received the items) he did not see the merchandise that Mr. Beaujeaux had purchased from Bears.

Receipts from Bears Restaurant						Receiving Report Submitted to OSP		
Date	Receipt Number	Fictitious Items Included on Receipt	Quantity	Amount	Signature on Receipt	Date	Prepared By	Authorized/ Receiving Agent
1. September 27, 2001	32295	Stainless Steel Oven Racks	3	\$90.00	Douglas Beaujeaux	November 7, 2001	Julie Williams	Dwayne Borel
2. March 4, 2002	551500	Stainless Steel Oven Racks	1	\$25.00	Douglas Beaujeaux	March 11, 2002	Julie Williams	Dwayne Borel
3. Not Dated	582099	Electric Coffee Pots	2	\$80.00	Douglas Beaujeaux	June 6, 2002	Julie Williams	Dwayne Borel
4. June 11, 2002	582311	Aluminum Stock Pots - 20 quarts	3	\$120.00	Dwayne Borel	June 17, 2002	Julie Williams	Dwayne Borel
		Pot Lids - 14 quarts	4	\$48.00				
5. June 17, 2002	582938	Aluminum Draining Racks	3	\$153.00	Dwayne Borel	June 17, 2002	Julie Williams	Dwayne Borel
		Stainless Shelves - 24 x 60	3	\$192.00				
		Stainless Shelves - 24 x 48	2	\$108.00				
		Shelves Post	4	\$40.00				
				<u>\$856.00</u>				

On October 18, 2002, Mr. Beaujeaux identified five of the 31 invoices from Bears Restaurant totaling \$856 that he instructed his wife to prepare that included nine fictitious purchases of oven racks, shelves, electric coffeepots, and stockpots. Mr. Borel signed the supplemental receiving report as the authorized receiving agent certifying that he had received the items described in the report, counted and accepted them, and that the quality was satisfactory.

Form # A-3 5/97 Page 1 of 1

**STATE OF LOUISIANA
SUPPLEMENTAL RECEIVING REPORT**

Vendor No. <u>72124343900</u> 721106853 00	Receiving Report No. FNO2-255	Beginning Balance \$ <u>11,557.79</u>		
F R O M Bear Restaurant 128 W. 21st St. Covington, LA 70433	Agency Name Fontainebleau State Park P.O. Box 9925 (US 190) Mandeville, LA 70470-9925		FON 52-1	
	Division Office of State Parks Dept. of Culture, Recreation and Tourism P.O. Box 44426 Baton Rouge, LA 70804-4426			
Class Code <u>37 - 076</u> draining racks shelves <div style="text-align: center; font-size: 2em; font-weight: bold;">PRIOR YEAR</div> JUSTIFICATION ATTACHED	01 02	6/17/02 "	582938 "	03 09
OFFICE OF STATE PARKS REC'D JUN 20 2002 DEPT. OF CULTURE RECREATION & TOURISM				
Prepared By <u>[Signature]</u> Date <u>06/17/02</u>		Authorized Agent or Receiving Agent <u>[Signature]</u>		
D.M. <u>[Signature]</u>		Ending Balance \$ <u>11,064.79</u>		

The *Louisiana Travel Guide* and CRT travel handbook require that the assistant secretary and secretary of CRT approve employee meals in advance using a "Request for Payment for Special Meal" form justifying the expense. In addition, a list of the name(s) and title of attendee(s), and the purpose of the expense should accompany the form to support the request. We noted that 20 of the 31 invoices indicated that meals were provided during employee/staff meetings. Five of the 20 invoices totaling \$1,709 did not

This document states that Mr. Borel's signature certifies that he has received the articles described on this receiving report, counted and accepted them, and that the quality was satisfactory (as indicated in the bottom dark section of this document).

include a request for payment form or a list of attendee(s) as required by both the *Louisiana Travel Guide* and the CRT travel handbook.

Former Maintenance Superintendent Ronald Watson took a state-owned tractor and boxscaper from Fontainebleau State Park for his personal use.

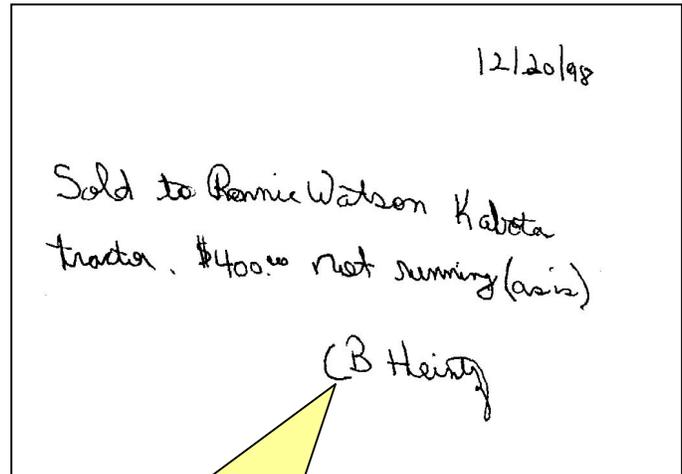
In April 1979, records indicate that OSP acquired a 1979 Kubota tractor for \$4,744. The tractor was given a property control tag number and assigned to the Audubon State Commemorative Area (ASCA) for ground maintenance. According to OSP's budget request, the tractor was assigned to Mr. John House at ASCA and had accumulated 1,700 hours of use as of September 30, 2002.

SCHEDULE OF FARM AND HEAVY MOVABLE EQUIPMENT (4460)										BR-20C (9/96)
DESCRIPTION					ACCUM. MILEAGE OR HOURS OPER.	ANNUAL MILEAGE OR HOURS OPERATED			USE	TOTAL REQUEST
YEAR	MAKE	MODEL	SERIAL NO. AND PROPERTY CONTROL TAG NUMBER	Date Acquired	Current Year Sept. 30 2002	Prior Year Actual 2001-2002	Current Year Estimated 2002-2003	Projected 2003-2004	To Whom Assigned and Purpose (Indicate if Pool Vehicle)	Purchase Price Requested for 2002-2003
1979	Kubota	1410	L185533461670-03-20137	4-79	1,700	165	300	300	Audubon SCA Equipment assigned to John House to maintain grounds.	

The above document was extracted from the Budget Request for the Office of State Parks for fiscal year ending June 30, 2004.



Kubota (1979) tractor serial number L18553346 located on property Mr. Watson stated he owned approximately 20 minutes from Fontainebleau State Park near Folsom, Louisiana.



Handwritten receipt prepared by Mr. Watson.



Mr. Watson provided a handwritten receipt dated December 20, 1998, indicating he had purchased a Kubota tractor for \$400.

During October 2002, representatives of the legislative auditor's office were informed that Mr. Watson had a similar tractor and that the tractor was located on property belonging to Mr. Bryan Beaujeaux, son of former OSP District Manager Douglas Beaujeaux. During an interview of Mr. Watson on January 30, 2003, representatives of the legislative auditor asked Mr. Watson if he owned a Kubota tractor. Mr. Watson stated that he had purchased a Kubota tractor from a flea market in Menge, Mississippi. In addition,

When presented with photographs taken of a blue Kubota tractor during construction of Mr. Bryan Beaujeaux's house in August 2002, Mr. Watson identified the tractor in the photographs as being his personal tractor. He stated that he had loaned the tractor to Mr. Bryan Beaujeaux during the construction of his home. When informed that the serial number (L18553346) on the tractor in the photographs was the same serial number as that of a 1979 Kubota tractor listed on the state's property records, Mr. Watson stated that he could not explain why the serial numbers were the same. On January 31, 2003, Mr. Watson visited the legislative auditor's office and admitted that he had not been truthful about the Kubota tractor in his possession. He stated that he had not purchased the tractor but had taken it from Fontainebleau State Park. He stated that he prepared the handwritten receipt and dated it December 20, 1998, in an effort to conceal the fact that he had taken the tractor from Fontainebleau State Park.

According to Mr. Watson, Mr. Ken Carrier, the district manager before Mr. Beaujeaux, had asked him to trash the tractor in 1998. Mr. Watson stated that he placed the tractor in the trash at Fontainebleau State Park. He later decided to take the tractor home. He stated that he waited until late one evening, came back to the park, and hauled the tractor to his property. He indicated that he made repairs to the tractor then painted it blue because he didn't like the original orange color. Mr. Watson acknowledged that the tractor's engine and power train had not been repaired or replaced and did not need work when he took it.

Mr. Floyd Rector, compliance office supervisor with the Office of State Property Control, stated that a BF-11 form (from the agency) should accompany state property that is dismantled or removed from inventory. He stated that if state equipment such as a tractor were to be dismantled, an auditor from his office would normally make an assessment of the equipment before dismantling it. According to Mr. Rector, if a tractor was to be discarded, it should be sent to State Property Control. On February 17, 2003, Mr. Rector performed a search of the State Property Control computer database for a Kubota tractor with property control number 670-03-20137 (number assigned to the 1979 Kubota tractor acquired by OSP in April 1979); however, he could not locate it. He stated that it was possible that the tractor could have been purged from the system after it was acquired in 1979; however, OSP should have records to indicate that the equipment was purged. OSP could not provide us with records to indicate that the tractor had been discarded or that the record had been purged from its system.

In addition, OSP records indicate that on June 14, 2002, Mr. Watson used the state's LaCarte Card to purchase a boxscraper in the amount of \$450. The invoice indicates that the serial number on the boxscraper (15017) was the same serial number as the boxscraper found attached to the 1979 Kubota tractor located on Mr. Bryan Beaujeaux's property. When asked about the boxscraper, Mr. Watson initially denied that it belonged to the park indicating he had purchased the boxscraper for himself using his own money. Mr. Watson later changed his statement indicating that he had borrowed the boxscraper from Fontainebleau State Park, took it home, and used it. Although, Mr. Watson stated that he borrowed the boxscraper, a Fontainebleau State Park maintenance employee informed us that he had never seen

EVERGREEN TRACTOR & EQUIPMENT INC.
 P.O. Box 2184 • Hwy 190 By-Pass
 Covington, Louisiana 70434
 (504) 893-3721, Hattierwood (504) 345-0368
 New Orleans (504) 581-0443

Complete
Goods
Invoice



INVOICE DATE: 14 JUN 02 INVOICE NUMBER: 4215 DESCRIPTION: MODERN 4' BOXSCRAPER PART: 1 STOCK NO: 00057937 UNIT PRICE: 450.00 EXTENDED PRICE: 450.00

SOLD TO: FONTAINEBLEAU STATE PARK SHIP TO: FONTAINEBLEAU STATE PARK
 P. O. BOX 8925 HANDEVILLE LA 70470-8925

QUANTITY	MAKE	MODEL	PRODUCT ID. NUMBER	STOCK NO.	UNIT PRICE	EXTENDED PRICE
1	MOD	002-8144	15017	00057937		450.00
			MODERN 4' BOXSCRAPER	NEW		

This invoice shows the boxscraper purchased by Mr. Watson with the state's LaCarte Card. The serial number (15017) is the same as the serial number found on the boxscraper attached to the tractor in Mr. Watson's possession (photo next page).

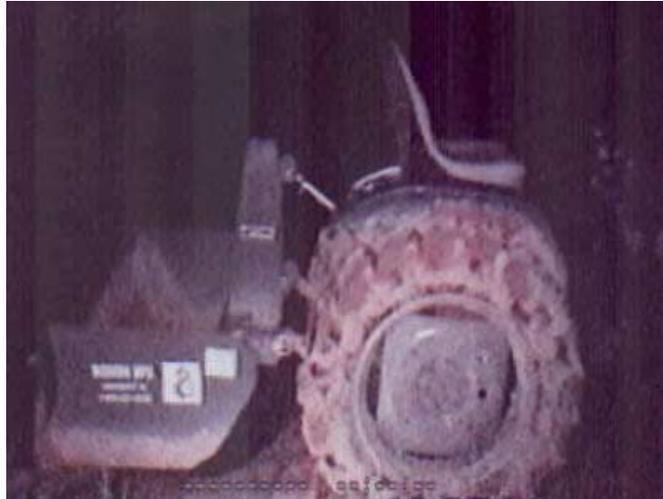
TRADE-IN INFORMATION	QUANTITY	MAKE	MODEL	PRODUCT ID. NUMBER	AMOUNT
Sub-Total					
Less: Payoff(s)					
Net Trade-In Allowance					

Total Selling Price	450.00
Sales Tax	0.00
Less Discount	0.00
Total Cash Price	450.00
Trade-In Allowance	0.00
Cash Received	450.00
Total Cash Received	450.00
Net Trade-In Allowance	0.00
Total Cash & Trade-In	450.00

Accounts Receivable	
Note, JOFP, Other	
Other Charges	
Balance Due	

PART RETURNED MUST BE ACCOMPANIED WITH THIS INVOICE. ALL PARTS MUST BE RETURNED WITHIN 90 DAYS AND IN NEW CONDITION. RETURNED PART WILL BE CHARGED A 80% REBIDDING CHARGE. ALL PARTS NON-RETURNABLE TO FACTORY AND NON-REFUNDABLE TO US. FINANCE CHARGE OF 1% MONTHLY ON BALANCE WILL BE CHARGED ON PAST DUE BALANCE. TERMS OF PAYMENT-ALL ACCOUNTS ARE DUE AND PAYABLE BY 10TH OF THE MONTH FOLLOWING PURCHASE.

the boxscraper at Fontainebleau State Park until early January 2003.



Boxscraper

The above actions are in violation of the following Louisiana Civil statute:

- Article 7, Section 14 of the Louisiana Constitution¹

In addition, this report has been provided to the District Attorney for the Twenty-Second Judicial District who, at his discretion, shall determine whether any individual is subject to formal charge for violation of one or more Louisiana criminal statutes.²

¹**Article 7, Section 14 of the Louisiana Constitution** provides, in part, that 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.

² **R.S. 14:67** provides, in part, that 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.

² **R.S. 14:133** provides, in part, that 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, any forged document, any wrongfully altered document, or any document containing a false statement or false representation of a material fact.

² **R.S. 14:134** provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.

Recommendations

Our examination disclosed certain weaknesses in the controls at Fontainebleau State Park. We found excessive inventory of maintenance items such as grass trimmers, chainsaws, and building materials. Many of these items were still in the original manufacturers packing, which indicates excessive inventory increasing the risk that these items will be removed and used for personal purposes. Furthermore, excessive inventory increases overall operating cost to the state. We also found that detailed maintenance records were not maintained for equipment. Such records are an essential part of an effective cost control program.

We recommend that the Office of State Parks (OSP) review its accounting procedures and internal controls and implement such controls that will reduce the likelihood of misappropriation of public assets. These policies and procedures should, at a minimum, ensure that:

- Management perform periodic audits of card holders at the park management level to deter the use of the state's LaCarte Cards and assets for personal purposes.
- Individual park managers verify credit card purchases made on behalf of their park by matching credit purchases on the card holder purchasing log to vendor invoices and then examining physical items to determine their existence where possible.
- Departmental supervisors/reviewers perform critical reviews of purchases made with the LaCarte Cards to make certain that individual line items on the card holder purchasing log agree with individual line items on the vendor receipt.
- Maintenance personnel maintain adequate records of repairs to machinery and equipment to include parts and labor cost purchased by credit card.
- All request for special meals are approved in advance and supported by a list of the name(s) and title of attendee(s) and that documentation justifying special meals accompany the request as required by the State Travel Regulations and Department of Culture, Recreation and Tourism's travel handbook.
- Proper agency form(s) are prepared and accompany state property that is dismantled or removed from inventory as required by State Property Regulations.
- Management at the OSP departmental level perform periodic random audits of inventories of movable property at the parks and historic sites.

We further recommend that the District Attorney for the Twenty-Second Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

Attachment I

Management's Response



KATHLEEN BABINEAUX BLANCO
LIEUTENANT GOVERNOR

State of Louisiana
OFFICE OF THE LIEUTENANT GOVERNOR
DEPARTMENT OF CULTURE, RECREATION & TOURISM
OFFICE OF THE SECRETARY

PHILLIP J. JONES
SECRETARY

May 12, 2003

Mr. Grover C. Austin, CPA
First Assistant Legislative Auditor
Office of Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70802

Re: Office of State Parks Investigative Audit Report Presented April 22, 2003

Dear Mr. Austin:

I would first like to thank the team of auditors for their efforts during the referenced investigative audit and for working so closely with the Department. Regrettably, I must agree with the findings in their report. It is unfortunate that the actions of the individuals mentioned in the report occurred, and that through their collusion the illegal activities went undetected. As indicated in the findings, those cited for violations are no longer employed with the Office of State Parks.

Since this issue came to my attention, the Department has begun a comprehensive review of policies and procedures relating to supervisor responsibilities, inventory control, and purchasing (using both purchase orders and the purchasing card). We have already reviewed all purchasing card policies with current card holders. We have also implemented a policy to make supervisors more accountable for the purchases of their subordinates.

In addition to the changes already made, we are working to make other policy improvements based on the recommendations of the Legislative Auditor's office and our own Internal Auditor. I should note that our Internal Auditor position was vacant at the time of these violations and was filled only a week before the incidents came to light. The proposed changes will include the increased monitoring of purchases, reducing the number of authorized purchasers and their spending limits, prior approval for all purchases, and periodic audits. In adopting new policies we will make every effort to balance the use of tighter controls against the ability to maintain an efficient and productive workplace.

I once again would like to thank the Legislative Auditor's office for their thorough and expedient audit. Please feel free to call my office should you have any additional questions or concerns.

Sincerely,

Phillip J. Jones
Secretary