



OFFICE OF
STATE INSPECTOR GENERAL
ST. BERNARD COMMUNITY DEVELOPMENT
CORPORATION

Report by

Inspector General Bill Lynch

Prepared for

Governor M.J. "Mike" Foster, Jr.

March 28, 2001

File No. 1-00-0058



State of Louisiana

OFFICE OF

STATE INSPECTOR GENERAL

St. Bernard Community Development Corporation

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March 12, 2001

File No. 1-00-0058

St. Bernard Community Development Corporation

Suspect checks and unsupported reimbursements totaling \$27,816 are questioned in an audit of state and federal funds received by the St. Bernard Community Development Corporation (the Corporation) for the period December, 1996 through February, 1998.

The Corporation is a private, non-profit organization, which received state and federal funds from a multi-year contract with the Department of Social Services on a cost reimbursement basis. An audit revealed the following circumstances:

1. Seven checks, for which services could not be confirmed, were deposited into the personal credit union account of a Department of Social Services employee.
2. The Corporation submitted claims and received reimbursement for unsupported expenses.
 - An invoice was submitted for reimbursement on a company that could not be proved existed and was not supported by canceled checks, other forms of payment or documentation that goods or services were received.
 - Identical invoices were submitted for reimbursement by both the Corporation and another social services organization and were not supported by canceled checks, other forms of payment or documentation that goods or services were received.
 - Reimbursement claims were not supported by invoices, canceled checks, other forms of payment or documentation that goods or services were received.
3. The Corporation failed to comply with contract requirements which gave the Department of Social Services the right to inspect and review all books and records pertaining to services rendered under the contract.
4. The Corporation failed to get written approval on excess expenditures for budgeted line items as required by the Department of Social Services, but was improperly reimbursed by the Department of Social Services.

Background

The St. Bernard Community Development Corporation (the Corporation) is a non-profit organization, which provided job readiness and job search services to the St. Bernard Parish welfare community. The Corporation had a multi-year contract with the Department of Social Services to provide these services. This contract was the only disclosed source of funding for the Corporation.

The Corporation was reimbursed a total of \$162,656 for program costs. It received \$87,790 in fiscal year 1997 of which 71.9% were federal funds, and \$74,866 in fiscal year 1998 of which 73.5% were federal funds.

Reimbursement requests were approved at the Department of Social Services St. Bernard regional office. The requests were then sent for payment processing and filing to the Baton Rouge office. Reimbursement checks were issued from the Baton Rouge office.

The Corporation's executive director is Rev. Ernest Dison and the program director is Deola Richardson. The president of the board is Rev. Raymond Smith.

Suspect Checks

Social Services reimbursed the Corporation \$11,823 for services and supplies that could not be confirmed as expenses for the program.

- Seven checks totaling \$13,323 are suspect. The checks issued by the Corporation were all deposited in the credit union account of an employee of the Department of Social Services, who was not the payee.
- The state reimbursed the Corporation for six of the checks, totaling \$11,823, which were traced to invoices that were reimbursed by Social Services. An invoice for the seventh check was not submitted for reimbursement.
- Performance of services or receipt of supplies which the checks and/or invoices purportedly covered could not be confirmed.

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- One individual in whose name three of the checks were issued stated that he did not receive any of the funds and did not know of or authorize their deposit in the Social Services employee's account.

The seven checks totaling \$13,323 were deposited into the credit union account of Brenda Meekins, who at that time was an employee of Social Services. Ms. Meekins was a program specialist in the New Orleans area but did not have any official state relationship with the Corporation. Additionally, the Corporation stated that Ms. Meekins was not an employee and had not provided goods and services to the Corporation. Ms. Meekins is no longer an employee of Social Services.

Ms. Meekins refused to be interviewed by auditors with the Office of Inspector General concerning the monies deposited into her account.

The suspect checks are as follows:

<u>Check Date</u>	<u>Check #</u>	<u>Payable To</u>	<u>Check Amount</u>	<u>St. Bernard Reimbursed</u>
12/16/96	Temporary	Theron Lewis	\$ 2,105	\$ 2,105
01/13/97	107	Theron Lewis	400	400
09/02/97	284	Theron Lewis	1,600	1,600
09/18/97	316	Curtis Smith	2,418	2,418
10/09/97	332	Curtis Smith	2,300	2,300
10/07/97	331	Ruth Platter	3,000	3,000
12/03/97	386	Ruth Platter	<u>1,500</u>	<u>0</u>
Total			<u>\$13,323</u>	<u>\$11,823</u>

Theron Lewis

Three canceled checks, which totaled \$4,105, payable to Theron Lewis were deposited into Ms. Meekins' account. The checks noted that the payments were for professional services and/or supplies. These checks were traced to invoices purportedly from T. Lewis and Associates, which were reimbursed by Social Services.

Mr. Lewis was a vendor of the Corporation. He reviewed all checks from the Corporation which were made payable to him or his company, T. Lewis and Associates. He stated the endorsements on the three checks, which totaled \$4,105, resembled some variation of his signature and, therefore, he did not want to say that he had not signed each check. However, he did state that every check he

received from the Corporation was deposited in one of his bank accounts. He said if any checks were deposited into any other account, then he never received it.

Mr. Lewis said he knew Ms. Meekins because she was a contract manager for Social Services and was responsible for another social service organization with which he contracted.

Mr. Lewis stated that Ms. Meekins never worked with him or his company to provide professional services or supplies to any organization. He also stated that he has never owed Ms. Meekins any money and he has never endorsed a check payable to him over to Ms. Meekins.

Curtis Smith

Two checks totaling \$4,718 payable to a Curtis Smith were deposited into Ms. Meekins' account. A check for \$2,418 was noted as payment for workshop supplies. Another check for \$2,300 did not note the reason for the payment. Both checks were traced to invoices purportedly from Mr. Smith, which were reimbursed by Social Services.

Social Services reimbursed the Corporation \$4,818 on claims for travel, classroom supplies and staff development purportedly provided by Curtis Smith. According to the Corporation's program director, Deola Richardson, Mr. Smith invoiced as an individual and through his company, Curtis's Copies.

A duplicate set of invoices for the same services noted above and a 1997 Miscellaneous Income Tax (1099) form for Mr. Smith were reviewed. These records listed Mr. Smith's address as 7850 Bass St., New Orleans, Louisiana. However, Herman Johnson has resided at this address for the past eight years. Mr. Johnson stated that to his knowledge a Curtis Smith has never resided at this address and he has never heard of Curtis Smith, the Corporation, or anyone affiliated with the Corporation.

Ms. Richardson stated that she heard Mr. Smith died in Las Vegas. The Social Security Administration Office in Baton Rouge confirmed the social security number listed on Mr. Smith's Miscellaneous Income Tax (1099) form as one belonging to Curtis Raymond Smith. However, records could not be found for a Curtis Smith with the same social security number by either the Louisiana State Office of Motor Vehicles or through searches on the Internet for deceased persons. Searches on the Internet for phone and address listings of Curtis Smiths in

Louisiana were also performed and the individuals contacted. None of these individuals were the correct Curtis Smith.

Ms. Richardson stated that there was no relationship between Curtis Raymond Smith and the board president, Rev. Raymond Smith.

Ruth Platter

Two checks totaling \$4,500 payable to Ruth Platter, the mother of Ms. Meekins, were deposited into Ms. Meekins' credit union account. One check for \$3,000 did not note the reason for the payment. However, it was traced directly to an invoice that the Corporation submitted for reimbursement for bookkeeping services from Ms. Platter. Another check for \$1,500 was noted as payment for bookkeeping services. However, an invoice was not submitted to Social Services for reimbursement.

An auditor for the Office of Inspector General called Ms. Platter on July 12, 2000, to confirm the services she provided. After the auditor identified herself, Ms. Platter was asked if she ever provided any services to the Corporation. Ms. Platter stated that she had not. Ms. Platter was then asked if she was a bookkeeper; again Ms. Platter stated she was not.

On July 18, 2000, Ms. Platter was called again to determine if she possibly knew anyone affiliated with the Corporation. Again, Ms. Platter was asked if she ever provided services to the Corporation and if she was a bookkeeper; again Ms. Platter stated that she had not provided any services to the Corporation and was not a bookkeeper. She was then asked if she knew Ms. Meekins. Ms. Platter stated that Ms. Meekins was her daughter.

Immediately following the second call to Ms. Platter, Ms. Meekins called the Office of Inspector General. During the three-party conversation between Ms. Meekins, Ms. Platter and auditors for the Office of Inspector General, Ms. Meekins stated that her mother did perform the bookkeeping services for the Corporation and Ms. Platter agreed. However, when auditors asked Ms. Platter to explain the type of work performed and when the services were provided, Ms. Meekins cut off Ms. Platter and would not allow her to answer the questions.

Unsupported Reimbursements

Social Services reimbursed the Corporation \$15,993 for claims which were not supported by either canceled checks or invoices. The Corporation should have requested reimbursement for \$1,151 on invoice claims that were supported by canceled checks. However, these claims were not submitted due to the Corporation's poor bookkeeping practices.

A. Invoice on Non-existing Company

In May 1997, the Corporation submitted an invoice from M&R Printing to Social Services and received reimbursement totaling \$570. The invoice was purportedly for the printing and binding of booklets and forms. The invoice did not contain a company address or phone number. M&R Printing was not listed in the telephone book or with Louisiana Secretary of State. A check was not found payable to M&R Printing.

The Corporation's program director, Deola Richardson, submitted the reimbursement requests to Social Services. However, neither she nor the executive director, Rev. Ernest Dison, could explain what the invoice was for or give any information about M&R Printing.

B. Duplicate Invoices

Social Services reimbursed the Corporation \$829 for invoices that were submitted for office and janitorial supplies in the months of May, June, July and August of 1997. Another social services organization, the Welfare Rights Organization, submitted the same invoices for reimbursement to Social Services. Welfare Rights was also reimbursed for the invoices. Canceled checks for the supplies were not found in the Corporation's records.

The Corporation's program director, Deola Richardson, said the administrative assistant was responsible for completing Cost Reimbursement Request forms for submission to Social Services. However, Ms. Richardson certified as correct and submitted the reimbursement requests to Social Services. She said the administrative assistant from Welfare Rights trained the Corporation's administrative assistant, and the invoices were apparently mixed up during the training period. The executive director for Welfare Rights, Viola Washington, made the same statement as Ms. Richardson.

Ms. Richardson is also a board member of Welfare Rights.

C. Contract Laborers

Social Services reimbursed the Corporation \$38,918 for invoices that were submitted on several contractors. Reimbursements totaling \$5,340 were either not supported by canceled checks to the contractors or the amount was less than the invoice amounts submitted.

Miscellaneous Income Tax (1099) forms for calendar year 1997 on these contractors were found in the Corporation's records. The compensation on the forms does not agree with the actual amounts paid to the contractors. Social Security numbers and/or addresses for the contractors were also incorrect. Questions are raised as to whether these forms were actually filed with the Internal Revenue Service.

Details for the unsupported reimbursements are as follows:

<u>Contractor</u>	<u>Social Services Reimbursement</u>	<u>Canceled Checks</u>	<u>Difference</u>
T. Lewis & Assoc.	\$ 5,400	*\$ 4,105	\$1,295
Theron Lewis	8,000	8,255	(255)
Albert Davis	1,500	600	900
Curtis Smith	4,818	* 4,718	100
Dwight Rhodes	950	450	500
Edwin Joseph	1,500	0	1,500
Samuel Francois	15,000	14,500	500
Linda Walker	<u>1,750</u>	<u>950</u>	<u>800</u>
Total	<u>\$38,918</u>	<u>\$33,578</u>	<u>\$5,340</u>

* Previously discussed as suspect checks deposited into the account of a Social Service employee.

D. Community Forum

Social Services reimbursed the Corporation \$2,400 for a community forum claim that was not supported by invoices. Although, a canceled check was found for \$1,400 payable to a Theresa Peck for a community forum, the services could not be confirmed because current phone and address listings for Ms. Peck could not be found.

E. Bookkeeper

The Corporation submitted claims for reimbursement to Social Services totaling \$2,600 for bookkeeping services in fiscal year 1997 which were not supported by canceled checks. In addition, Social Services reimbursed the claims even though bookkeeping services were not budgeted in the contract for fiscal year 1997.

The Corporation's program director, Deola Richardson, stated that Marc Butler, a contractor, performed the bookkeeping services for fiscal year 1997. The Corporation maintained a register of contracted services, which was reviewed. The register indicated that Mr. Butler might have performed the bookkeeping services for fiscal year 1997. However, all invoices found in the Corporation's records and all invoices submitted to Social Services for reimbursement on Mr. Butler were for workshop presentations. Furthermore, all canceled checks found payable to Mr. Butler indicated that the payments were for workshop presentations. Mr. Butler is now deceased.

F. Various Operation and Classroom Claims

Social Services reimbursed the Corporation \$1,731 for operating and classroom claims which were not supported by canceled checks. However, the corporation did not submit \$1,151 for various operating and classroom costs, which were supported by canceled checks. Poor record keeping appears to be the reason for these errors.

Details are as follows:

<u>Line Item</u> <u>Category</u>	<u>Reimbursed</u> <u>Unsupported</u>	<u>Unreimbursed</u> <u>Supported Costs</u>
Building Rent	\$ 225	
Telephone	55	
Telephone		\$ 337
Bank Charges		43
Electricity	395	
Gas & Water		424
Supplies		304
Copier & Beeper Rent	282	
Liability Insurance		43
Supplies (Postal)	29	
Various Supplies	745	
<i>Total</i>	<u>\$1,731</u>	<u>\$1,151</u>

G. Gross Payroll and Employee Fringes

Reimbursements totaling \$2,523 for gross payroll and related employee fringe benefits for the period December, 1996 through January, 1998 were not supported by canceled checks.

The Corporation received reimbursement totaling \$66,224 from Social Services, but had only \$63,701 in supporting canceled checks for the period.

Quarterly tax reports for calendar year 1997 were found in the Corporation's records. However, the Medicare portion of the tax liability was not calculated on the reports and payments for the total tax liability calculated on the reports were not found. Omission of this information from these reports would normally result in notifications from the Internal Revenue Service. However, notifications from the Internal Revenue Service regarding these errors were not found in the Corporation's records. Therefore, questions are raised as to whether these reports were actually filed.

Noncompliance With The Contract

The Corporation failed to comply with contract requirements which gave the Department of Social Services the right to inspect and review all books and records pertaining to services rendered under the contract.

In January, 1998, Social Services identified deficiencies and possible abuses with the Corporation's reimbursement requests. On Feb. 5, 1998, Social Services notified the Corporation of its intent to conduct an audit or review of the Corporation's financial records. However, when auditors of Social Services arrived on Feb. 16, 1998, the Corporation denied them access to the Corporation's financial records. Therefore, Social Services canceled the contract as of Feb. 27, 1998. The total contract was for \$216,580 of which \$162,656 was disbursed.

In May, 1998, Social Services was informed by the Corporation's attorney that it would abide by the contractual agreement and allow an independent accounting firm to perform the review for Social Services. On Oct. 26, 1998, Social Services entered into a contractual agreement with Terry Hall, CPA, to compile financial statements and provide audit reports on the Corporation.

In May, 1999 Mr. Hall received payment for the compilation of the financial statements. However, the statements were not provided until October, 2000. The cover letter for the statements was dated November, 1999. Mr. Hall declined to perform the audit.

Reimbursement Over Budgeted Line Items

According to Renea Austin-Duffin, Secretary of Social Services, the department requires written approval for budget changes in line item expenditures. In fact, for fiscal year 1998 the department approved a written request for line item budget changes.

In spite of the requirement, Social Services reimbursed the Corporation \$15,779 for claims that were in excess of the budgeted line item amounts in each fiscal year of the contract. A line item in a budget is a detail of how the dollars of a contract are to be spent; examples are executive director's salary, office supplies, furniture rental, etc. The fiscal year 1997 budget had twenty-four line items, of which six were overspent, and costs were reimbursed for two items not included in the budget. The fiscal year 1998 budget had twenty-five line items, of which five were overspent.

The fiscal years 1997 and 1998 contract between Social Services and the Corporation contained budgets which were used to determine the cost needed to accomplish the purpose of the contract. Contract provisions provide for adjustments to the budgets when requested and approved. Social Services and the Corporation failed to control contract costs in accordance with budgeted line items detailed in the contract.

Conclusions:

1. The Corporation was reimbursed \$27,816 in state and federal funds for suspect checks and purported costs, which were not supported by invoices, canceled checks, other forms of payment or documentation that goods or services were received.
2. The Corporation failed to file correct tax reports with the appropriate tax authorities and failed to pay the full amount of tax liability owed. Questions are raised as to whether tax reports were actually filed.

3. The Corporation failed to comply with contract requirements giving Social Services the right to inspect and review all books and records pertaining to services rendered under the contract.
4. Social Services and the Corporation failed to control contract costs totaling \$15,779 in accordance with budgeted line items detailed in the contract.

Recommendations:

1. The report should be referred to the appropriate authorities, including the federal agencies of which the funds originated.
2. Social Services should determine how excess line item expenditures were reimbursed without written approval as required by Department policy. Corrective action should be taken.

Responses:

Responses from the Corporation, Social Services and Ruth Platter are attached.

On Jan. 30, 2001, Theron Lewis called the Office of Inspector General and stated that he concurred with the findings relating to him in the report. Mr. Lewis did not submit a written response.

Brenda Meekins submitted a written response to the report dated Jan. 26, 2001, which was mostly not responsive to the report. Therefore, her response is not attached to this report. Summaries of her relevant comments are as follows:

- Ms. Meekins stated that the credit union account was in her name. However, she said all four individuals who were payees on the suspect checks had access to this account. She stated that they all used the account for deposits and withdrawals. She also states that she did not know whether the third party checks were deposited into her credit union account.
- Ms. Meekins stated that she is not now and never has been an employee of the Corporation.
- Ms. Meekins stated that she has a copy of and concurs with the response from her mother, Ruth Platter.

- Ms. Meekins stated that Curtis Smith is now deceased. However, he lived in her household for almost three years. During that time she said, Mr. Smith used an ATM card to make deposits and withdrawals from the credit union account.
- Ms. Meekins stated that she has never been an employee of Theron Lewis and had no association with his business or his employment with the Corporation.

IG Comment:

The assertion that the Corporation is only liable for \$156 in overpayments by the state fails to take into consideration the thousands of dollars of misspent funds outlined the report.

BL/CS/rp

1-00-0058



State of Louisiana
Department of Social Services
OFFICE OF THE SECRETARY

755 THIRD STREET 2ND FLOOR
P.O. BOX 3778
PHONE - 225/342-0286 FAX 225/342-8636
BATON ROUGE, LOUISIANA 70821

M. J. "MIKE" FOSTER, JR.
GOVERNOR

J. RENE AUSTIN-DUFFIN
SECRETARY

January 31, 2001

Bill Lynch
State Inspector General
State Capitol Annex
Post Office Box 94095
Baton Rouge, LA 70804-9095

Re: File No. 1-00-0058

Dear Mr. Lynch:

Thank you for opportunity to respond to a draft report on your office's review of the St. Bernard Community Development Corporation. The appropriate personnel in the Office of Family Support, Department of Social Services have reviewed the contents of the report and concluded that there is no basis for rebuttal of its contents.

We are concerned that the report fails to specify that the person identified as an employee of the Department of Social Services is now a "former" employee. You will agree that this is appropriate since we are only pointing out that this was her status relative to the agency when this report was written. It is important that persons reading your report have no question about whether the employee is in any way affiliated with the agency at this point. We will now await distribution of the final report.

Sincerely,

A handwritten signature in black ink that reads "J. Renea Austin-Duffin" followed by a date "1/2001".

J. Renea Austin-Duffin
Secretary

**NEW ORLEANS
LEGAL ASSISTANCE CORPORATION**

144 Elk Place • Suite 1000
New Orleans, Louisiana 70112-2635

Charles M. Delbaum
Director of Litigation

Direct Dial Phone: (504)529-1049
E-mail: cmdelbaum@nolac.org

March 9, 2001

Bill Lynch
State Inspector General
P.O. Box 94095
Baton Rouge, LA 70804-9095

Re: File No. 1-00-0058

Dear Mr. Lynch:

This letter will serve as the final revised response of my client, St. Bernard Community Development Center (hereinafter "SBCDC"), to the revised draft report faxed to me by Cindy Summers of your office on January 29, 2001. As you will see below, SBCDC is prepared to acknowledge and rectify several errors noted in the audit. These were all inadvertent errors resulting from poor record and bookkeeping practices. None of them involved any attempt to defraud funding sources.

1. "Suspect Checks"

- SBCDC does not know why these checks were deposited to the account of Brenda Meekins, the DSS employee. Although SBCDC executive staff did not know it at the time, SBCDC has since learned that Ruth Platter is Ms. Meekins' mother, Curtis Smith was a person to whom she had provided room and board without charge, (see Meekins' January 26, 2001 letter to you at pages 4-5), and Ms. Meekins and Theron Lewis had a personal relationship. SBCDC knew nothing about deposits to Ms. Meekins' account. And please note that Brenda Meekins had no oversight over SBCDC, so there would have been no reason for SBCDC to have tried to funnel funds to her through bogus employees. If Brenda Meekins was providing services behind the scenes that others were billing SBCDC for, SBCDC knew nothing about it. These employees delivered their work and supplies to SBCDC; they did not work on site.
- It was an oversight that no invoice was submitted for the seventh check, unless in fact the June, 1997 invoice for bookkeeping services anticipated this December, 1997 payment to Ms. Platter. Like much else involved here, this was due to SBCDC's

unfortunate decision to use inexperienced bookkeepers. A copy of that check in the sum of \$1,500 to Ruth Platter has previously been provided, and SBCDC requests that you credit this amount in tallying amounts overbilled versus amounts underbilled. SBCDC understands that in order for Social Services to reimburse it for this payment, a revised budget would have to be submitted to that department.

- It is my understanding that Ruth Platter has now confirmed that she performed bookkeeping services for SBCDC (See Platter letter of January 24, 2001 to you at p.3). Curtis Smith was a real person, as Ms. Meekins' letter verifies, which is why the SSA office in Baton Rouge was able to verify his social security number. That his address on the 1099 did not check out is probably a result of sloppy record keeping, and he probably did not have a drivers license. Cindy Summers stated in our February, 2001 meeting, however, that she does not doubt that he was a real person, so I assume this is a non-issue.

2. Unsupported Reimbursements

A. Invoice on Non-existing Company

M & R Printing was a business, not a corporation. It consisted of Marc (Butler) and Curtis R. Smith. However, SBCDC apparently did not pay them for their work as it has no check for this expense. Accordingly, SBCDC concedes that it improperly received \$570 on this invoice.

B. Duplicate Invoices

SBCDC admits it inadvertently billed \$829 for office and janitorial supplies received by WRO. The explanation for this error has previously been provided.

C. Contract Laborers

T. Lewis & Assoc. was the same entity as Theron Lewis. Ms. Summers mentioned during our meeting that Theron Lewis claims that his \$8,000 contract included the cost of supplies and books, but this is false. Please note that his contract does not reference the provision of any books and supplies, which is why he was paid separately for them.

Also enclosed are two checks to Albert Davis, one for \$600 and one for \$300. Although the latter payment was noted as for transportation, this does not change its character as a reimbursable expense. SBCDC does, however, concede that it inadvertently billed DSS twice for the same \$600 payment.

Dwight Rhodes was paid \$600, of which \$150 was by a check made payable to cash but endorsed by him. SBCDC does not have any explanation for the disparity of \$350, and will not contest that amount.

As he explained in a letter to Reverend Dison which your office has, Edwin Joseph

donated to SBCDC his services valued at \$1,500. At the time, SBCDC believed it was entitled to reimbursement from the state as if Mr. Joseph had donated \$1,500 in cash and then been paid \$1,500 by SBCDC. I have explained to SBCDC that this is impermissible under our tax laws, and it will not contest this disallowance. There was, however, nothing pernicious or even logically flawed in this submission.

SBCDC is unable to locate the missing \$500 check to Samuel Francois, or the apparent error causing the state to be billed for this amount, and will not contest this disallowance. The same is true for \$800 to Linda Walker.

D. Community Forum

SBCDC does not know why \$2,400 was claimed for the community forum. \$1,400 was the correct amount. For your information, Theresa Peck passed away August 9, 1997, which is why there is no phone or address listing for her.

E. Bookkeeper

Please see the discussion of the seventh "suspect check," above. Also, \$500 was paid to Christopher Jones for bookkeeping services. On balance, \$600 is uncontested.

F. Various Operation and Classroom Claims

The discrepancy here is due in part to "poor record keeping" as the report states, and \$225 is due to improper billing for the security deposit required by the landlord. In any event, SBCDC does not have better records than those already provided, and therefore will not contest the discrepancy of \$580.

G. Gross Payroll and Employee Fringes

Of the \$2,523 not supported by canceled checks, \$1,050 was paid in cash to grounds keepers. As stated at our meeting with Ms. Summers, Peggy approved this expense even though it was not in the budget. Copies of receipts signed by these individuals have been provided. The balance of \$1,473 apparently resulted from incorrect calculation of withholding, and should not have been billed to the state. SBCDC will not contest this amount. As to the omissions on the form 941's, SBCDC will be meeting with the IRS to determine amounts owed and to rectify the deficiencies.

Summary of uncontested overpaid amounts:

\$ 570
\$ 829
\$ 600
\$ 350
\$1500
\$ 500
\$ 800

\$1000
\$ 580
\$ 600
\$1473

\$8,802 excess payment to SBCDC

“Noncompliance with the contract”

This history is accurate, and shows that at worst, SBCDC is responsible for just three months of the three years which have passed since Social Services sought to inspect and review SBCDC's books. Social Services was temporarily denied access because it refused to disclose the purpose of its review. That temporary denial was not a material breach of contract, and in any event, the agency suffered no damages because of it as the review was ultimately conducted. Furthermore, the contract was not terminated until February 27, 1998, and SBCDC is still owed payment on its invoices for December, 1997, January, 1998 and February, 1998. These invoices total approximately \$21,000.

Reimbursement Over Budgeted Line Items

SBCDC has requested from your office an itemization upon which this portion of the report is based. When this is received, we will request that Social Services retroactively adjust the budget as necessary.

CONCLUSIONS

1. The so-called “suspect checks” is a bogus issue as all the individuals listed were paid as specified by the Corporation. It also appears that the report is including in its total of \$27,816 in allegedly improper reimbursements \$1500 for which there is a canceled check but no reimbursement from DSS (unless the reimbursement was given earlier as discussed in Section E, above). The figure of \$27,816 also seems not to give credit for the unreimbursed supported costs of \$1151 listed in section (F). Please itemize so we will now what was included and what was excluded.

If one omits the so-called “suspect checks,” and adjusts for the credits of \$1500 and \$1151 for unreimbursed but documented expenses, I believe the alleged overpayment comes to \$13,342, of which SBCDC admits owing \$8,802.

2. The Corporation's tax liability will be resolved directly with the IRS. Please let us know if you need any documentation of this process or the outcome.

3. As stated above, this was not a material breach and caused no damage. Further, DSS still owes SBCDC for work performed before the contract was terminated.

4. Also as stated above, the budgets should be re-worked to allow for the revised costs.

5. SBCDC is owed payment on its invoices for December 1997, January, 1998 and February, 1998.

At our meeting, this debt was acknowledged in the comparison Ms. Summers presented of the Total Reimbursement, including advances, received by SBCDC (\$162,656.87) and the Total of Every Check of Every Kind submitted by SBCDC(\$162,500.23).

In light of the foregoing, SBCDC respectfully submits that while inadvertent errors were made by it, it made no intentional misrepresentations and it has been overpaid just \$156.64. It certainly apologizes for the sloppy bookkeeping that led to the discrepancies. It is working with the IRS to determine its correct tax liability, and needs to revise its budgets for the Department of Social Services. Apart from these tasks, this matter should be dropped as to SBCDC.

Sincerely,

A handwritten signature in black ink, appearing to read 'Charles M. Delbaum', with a long horizontal flourish extending to the right.

Charles M. Delbaum

January 24, 2001

Ms Ruth Platter
231 MLK Blvd
Bogalusa, La 70427

Bill Lynch
Office of State Inspector General
PO Box 94095 - State Capitol Annex
Baton Rouge, La 70904-9095

RE: File #1-00-0058

Dear Bill Lynch;

This letter is in response to the letter I received from you dated January 22, 2001. Your report contains false, misleading, and untrue statements about me, my daughter and the conversations I've had with your auditors. I am asking you to remove these statements and report what I actually said.

People from the state have been calling my house since 1998 asking anybody who answers the phone questions about my daughter. Sometimes they give their names and sometimes they don't. I can't tell one office from the other and I tell all of you I am not giving out any information about my daughter to people I don't know.

I am almost 70 years old. For the past two years my medical conditions have been getting worse and worse. I have many health problems including severe diabetes and breast cancer. Some days I am so sick I can even raise my head. I have told your people how sick I am but they don't care. They just want to hurt my daughter any way they can.

One time somebody called here right after I learned I had breast cancer and was very depressed because I needed surgery. I told them I was sick and they got very ugly with me. They still tried to get me to answer questions about my daughter. I hung-up the phone and told my grandbaby if they call again, hang-up on them. That time they claimed they worked with my daughter and was trying to get in touch with her.

State people have called here a lot more than two times. Someone called here two days after I had just come home from having major surgery. When I got the call in July, I was bedridden from an accident where I sustained serious trauma to the head and had to have 16 stitches. I had no idea I was talking to an auditor. The lady pretended she was calling to see if I was doing bookkeeping. She **NEVER** told me she was calling from your office. When she asked me if I was doing bookkeeping I told her "NO." She said she heard I was working in St Bernard. I told her I don't know where she got that from because I was not working at all. I was sick and I did not feel like being bothered.

She asked me don't I know Brenda Meekins. She asked it in a way to make me think she and my daughter knew each other. I did tell her yes, Brenda is my daughter.

She tried to strike-up a conversation with me by pretending to be concerned about me being hurt. This was her way of trying to keep me on the phone so that she could keep on asking questions. When I tired to end the conversation and she would say something nice and then ask another question. She said you never worked for the St Bernard Corporation. I told her I don't know any St Bernard Corporation, I don't know what you're talking about.

At that point, I was suspicious about her call because people from the state had been calling my house at different times. So, I called my daughter to tell her about the call. My daughter said she would try to find out who was calling and why.

The next time your auditor called my house she again did not tell me she was calling from your office. She said her name so fast I didn't even know what she said. She started asking me questions. I did not give her any answers because I was suspicious of her. I got her off the phone so that I could get in touch with my daughter.

I called my daughter right then to let her know about the call. My daughter found out who had called and that's when we had the three-way conversation. That was the first time I knew exactly who I was talking to. When we got the lady on the phone, she lied about what was said in the conversations she had with me. It was then and only then that I learned she was calling about employment I had years ago with the St Bernard Community Development Corporation.

When I knew she was talking about the St Bernard Community Development Corporation, I (not my daughter as stated in your report) told her yes I had worked for the St Bernard Community Development Corporation several years ago, but I was not working for them now.

I confronted your auditor about how deceptive she had been in her calls to me. I told her, when you called the first time, you did not tell me you were calling from the Inspector General's Office, you asked if I was doing bookkeeping now, and if I had worked for some St Bernard Corporation. She lied and said had identified herself earlier. She had not. She knew she was being deceptive, that was what she meant to do.

She was arguing with us and kept on lying and changing the words we said around to what she wanted them to be. She was so ugly and rude with us we asked to speak to a supervisor.

The supervisor got on the phone and immediately started taking up for her. He started telling me what I 'd said and he wasn't even in the conversation. He didn't ask me about my statements, he told me.

We tried to explain to the supervisor that I had major surgery and after that was in a serious accident. I told him that when the auditor called, I was in no condition to answer a bunch of questions and she took advantage of it by confusing and misleading me. The supervisor then made a smart remark saying, he didn't see that (my illness) as a reason why I couldn't have answered her questions.

The supervisor and auditor started asking more questions and I answered their questions as best as I could remember. I told them, again, that I had done bookkeeping for the St Bernard Community Development Corporation, but it was several years ago. They seemed to get angry and in a very nasty tone asked me for the exact date I started, what dates I had been to St Bernard, where did I do the work, whose computer did I use, did I go to my daughters house when I was there, all kinds of detailed stuff that I do not remember. How can I remember which day I went to St Bernard? What do my visits to my daughters house have to do with my work?

They were also asking me questions that I could not answer without seeing some of the paperwork that was done. They were asking me questions about reports and entries. How could anybody remember that kind of detail? They wanted to know if I had kept any of the work I had done for the St Bernard Community Development Corporation. I told them no, everything had been given to the St Bernard Community Development Corporation.

I told them to contact the St Bernard Community Development Corporation they should have all their records and can verify the dates I worked for them and exactly what was done.

They asked me who else was working for the St Bernard Community Development Corporation and who was on the board. I told them, I don't know about that organization. I was just doing some part-time work. I don't have any contact with them, I don't even know if they are still up and running.

Then they started in on me personally. They asked if I had a license, did I do all the work myself or did I have any help, where did I do the work, how many hours did I work on it, what did I do with the money I made. That's when my daughter asked them if I was being investigated. They said no, that they were investigating the St Bernard Community Development Corporation.

My daughter asked them why were they asking me personal information if I wasn't

being investigated. The man got ugly with my daughter and said I just needed to answer the questions. That's when my daughter told me I did not have to answer any personal questions that I did not want to answer. All-in-all we were on the phone for well over an hour.

Your report makes it seem like we were only on the phone a few minutes. If you are going to file a report, then you need to tell the truth. Your auditors are working with the Department of Social Services on a witch hunt after my daughter. I have a right to work and a right to have a relationship with my daughter!

How I handle my affairs with my daughter is none of your business. You are writing this report to make it seem like my daughter robbed somebody. We were working on another business that had nothing to do with the state or the St Bernard Community Development Corporation. If I choose to give my daughter every penny I have, that is none your business.

This is America! You people go around ruining someone's reputation and then hide behind your state titles. The state fired her on trumped-up charges. It took a year for Civil Service to schedule a hearing. Then there was another year of going back and forth to hearings. Finally, they settled the case out of court with Civil Service because they knew they would lose! If that wasn't enough, she had to file for another Civil Service hearing to make them pay her all the money they were supposed to pay her!

I do not agree with what you have in your report , it is not want happened and I want you to correct it.

My daughter and I are faxing our letters to you so that you cannot say you didn't get them in time. We are also sending copies in the mail.

Sincerely,

A handwritten signature in cursive script that reads "Ruth Platter".

Ruth Platter