



State of Louisiana

**OFFICE OF  
STATE INSPECTOR GENERAL**

**MISUSE OF STATE PURCHASING CONTRACT**

**Report by**

**Inspector General Bill Lynch**

**Prepared for**

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

**August 6, 2002**

**File No. 1-02-0079**

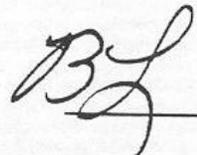


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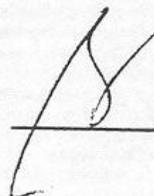
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Report by

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August 1, 2002

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# Misuse of State Purchasing Contract

Angela Moncrieffe, Louisiana Real Estate Commission Administrative Specialist, co-mingled her duties as a Commission employee and a church secretary, resulting in a vendor billing the Commission for merchandise purchased for the church. The church benefited from the state's discounted contract prices and did not pay the required sales tax. Commission and vendor records reviewed do not indicate the Commission paid for the merchandise ordered for the church.

Between October 23, 2001, and March 20, 2002, Ms. Moncrieffe placed eight separate orders, totaling \$2,089.85, on behalf of her church but billed to the Commission under a state contract with Corporate Express.

## Background

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The Louisiana Real Estate Commission was originally created as the State Board of Real Estate in 1920. The purpose of the Board was to regulate the mode and manner of conducting the affairs and business of real estate. The mission of the Louisiana Real Estate Commission is to protect and serve the public through the efficient and accountable administration of the Louisiana Real Estate Law.

The Commission consists of nine members appointed by the governor and confirmed by the Senate. The executive director is Julius C. Willie.

Angela Moncrieffe is a classified state employee working for the Commission as an Administrative Specialist. Her supervisor is Al Rowe. Ms. Moncrieffe has been employed by the Commission since 1986. Her duties include, but are not limited to, ordering and receiving supplies. Ms. Moncrieffe also participates in the process of payment on accounts payable.

Ms. Moncrieffe also works as a paid secretary for the Little Rock Missionary Baptist Church in Baton Rouge. Her duties include, but are not limited to, ordering

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and receiving supplies. Ms. Moncrieffe also participates in the process of payment on accounts payable. She performed some of these duties while on state time.

The state has contracted Corporate Express to provide office supplies to state agencies. The state receives a discounted price on orders and is exempt from sales tax.

Little Rock Missionary Baptist Church also purchases office supplies from Corporate Express but does not receive a discount equivalent to that of the state. The church is not exempt from sales tax.

## Church Purchases Through State Contract

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While on duty as a Commission employee, Ms. Moncrieffe co-mingled her duties as a Commission employee and Little Rock Missionary Baptist Church secretary. Ms. Moncrieffe supplied Corporate Express with billing and shipping addresses associated with the church which were incorporated in the Commission's account file and used to create multiple accounts for the Commission. The accounts contained information associated with both the Commission and the church. When orders were placed on behalf of the church, the address would prompt Corporate Express's billing system to price the merchandise at the contract rate and bill a Commission account. Sales tax was not charged on purchases through the contract.

A review of Corporate Express records revealed that the Commission has multiple accounts and the accounts are in disarray. Orders made on behalf of the church were billed to Commission accounts but paid by the church. Some orders made on behalf of the Commission and billed to the Commission were paid by the church. One order placed on behalf of the Commission was paid by the Commission then paid two additional times by the church. Another order placed on behalf of the Commission was billed to the Commission at non-contract prices. This order was paid by the church.

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According to Corporate Express management, the multiple Commission accounts were created based on information supplied by Ms. Moncrieffe.

According to Ms. Moncrieffe, the confusion is the result of Corporate Express mistakenly creating multiple accounts for the Commission using information associated with the church. She stated the mailing and shipping addresses supplied to Corporate Express should have been incorporated in the church's account file.

A summary of orders placed on behalf of the church but billed to the Commission is as follows:

October 23, 2001: Ms. Moncrieffe placed this order by phone. The order consisted of office supplies and candy totaling \$396.22. Commission account #11868533 was billed for the merchandise through four invoices mailed to the Commission office. Corporate Express records indicate that on Nov. 13, 2001, Ms. Moncrieffe called and advised that the merchandise should have been charged to Little Rock Missionary Baptist Church. Corporate Express credited the Commission account and billed the church account.

December 4, 2001: Ms. Moncrieffe placed this order by phone. The order consisted of office supplies and candy totaling \$209.73. Commission account #10850110 was billed for the merchandise through two invoices mailed to the Commission office. Corporate Express records indicate the Commission account was subsequently credited and the church account billed. Records do not indicate Ms. Moncrieffe initiated the credit and church billing.

December 5, 2001: Ms. Moncrieffe placed this order by phone. The order consisted of office supplies totaling \$34.73. Commission account #11868533 was billed for the merchandise through two invoices mailed to the Commission office. Corporate Express records indicate the Commission account was subsequently credited and the church account billed. Records indicate Ms. Moncrieffe initiated the Commission credit and billing to the church.

Ms. Moncrieffe stated she advised Mr. Rowe that Corporate Express was mistakenly billing Commission accounts for merchandise ordered for the church. She said he told her to correct the problem. She said she called Corporate Express and the billing was corrected. Ms. Moncrieffe said she thought the problem had been resolved.

## Purchasing Contract

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Mr. Rowe stated Ms. Moncrieffe did not advise him of the billing problem.

January 10, 2002: Ms. Moncrieffe placed this order by phone. The order consisted of office supplies totaling \$171.44. Commission account #12427208 was charged for the merchandise through two invoices mailed to Little Rock Missionary Church. The invoices were paid with proceeds from church check #6345. Proceeds from the same check were also applied to the church's account to pay for the December 4 order.

According to Corporate Express management, on Jan. 10, 2002, Ms. Moncrieffe called and supplied them an additional mailing address for the Commission. Corporate Express created a separate account #12427208 for the Commission which contained the additional mailing address. The address was that of Little Rock Missionary Church. When orders were placed using this address, the invoice was mailed to the church.

Ms. Moncrieffe stated she intended for the church mailing address to be incorporated into the church account file. She stated Corporate Express mistakenly created the additional Commission account.

According to Corporate Express management, proceeds from the church check would not have been applied to the Commission account and the church account unless Ms. Moncrieffe instructed them to do so. Ms. Moncrieffe stated she did not instruct Corporate Express to apply a portion of the proceeds from the church check to the Commission account.

February 5, 2002: Ms. Moncrieffe placed this order by phone. The order consisted of office supplies and air freshener totaling \$119.98. Commission account #12427208 was charged through two invoices mailed to Little Rock Missionary Church. The Commission account was credited for a portion of each invoice totaling \$44.89 for returned merchandise. The balance of the invoices was paid with proceeds from church check #6345.

February 8, 2002: Ms. Moncrieffe placed two orders on this date. One order was placed by phone and consisted of office supplies totaling \$1.52. Commission account #12427208 was charged through one invoice mailed to Little Rock

## Purchasing Contract

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Missionary Church. The invoice was paid with proceeds from church check #6345.

The second order was placed by FAX and consisted of office supplies totaling \$229.26. Commission account #12427208 was charged through one invoice mailed to Little Rock Missionary Baptist Church. The Commission account was credited for a portion of the invoice totaling \$94.23 for returned or undelivered merchandise. The balance of the invoice was paid with proceeds from church check #6345.

The FAX order by Ms. Moncrieffe indicates the merchandise should be charged to the account of Little Rock Missionary Baptist Church. However, Ms. Moncrieffe listed account #481576, the Commission's main account number, as the account to be charged. Ms. Moncrieffe stated she mistakenly believed the account number was for the church.

March 20, 2002: Ms. Moncrieffe placed this order by FAX. The order included office supplies, various cleaning supplies, Styrofoam cups, and latex gloves totaling \$926.97. Commission account #11868533 was charged through six invoices mailed to the Commission office. One invoice totaling \$491.00 was paid with proceeds from church check #6364. The check indicated the payment was to be applied to account #481576, the Commission's main account number. The remainder of the invoices are unpaid, according to Corporate Express.

Ms. Moncrieffe acknowledged she wrote the account number on the check but stated she believed this to be the church account number.

Initially, when orders were placed for the church but billed to the Commission, the merchandise was delivered to the Commission office.

According to Ms. Moncrieffe, when she received the church's merchandise at the Commission office, she would take possession of the merchandise and deliver it to the church. Ms. Moncrieffe eventually supplied Corporate Express with her parents' home address so merchandise ordered for the church would be delivered there.

Invoices for orders charged to the Commission were initially mailed to the Commission office. Al Rowe, the chief financial officer, would review and

approve the invoices then route them to Ms. Moncrieffe for processing. Ms. Moncrieffe would have checks printed for the approved invoices associated with merchandise ordered for the Commission. The checks and invoices were then routed back to Mr. Rowe for appropriate check signatures.

When Ms. Moncrieffe received invoices associated with merchandise ordered for the church but charged to the Commission, she would deliver them to the church and a church check processed. Eventually, Ms. Moncrieffe supplied information to Corporate Express resulting in a separate Commission account being created containing the church's mailing address. This resulted in invoices for church orders billed to the Commission to be mailed directly to the church, reducing the possibility that Mr. Rowe would discover the problem.

## Commission Merchandise Paid by the Church

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On February 21, 2002, Ms. Moncrieffe placed an order with Commission purchase order #144513. The order consisted of office supplies for the Commission totaling \$66.85. Although the merchandise was ordered using the contract pricing, Corporate Express changed the pricing to reflect non-contract pricing. The pricing change increased the cost to \$168.99. Corporate Express then billed Commission account #12427208 and the invoice was mailed to Little Rock Missionary Baptist Church. The invoice was paid with proceeds from church check #6353. Proceeds from the same check were also applied to the church's account.

On March 12, 2002, Ms. Moncrieffe placed an order with Commission purchase order #144517. The order consisted of office supplies for the Commission totaling \$105.85. Corporate Express billed Commission account #12427208 and the invoice was mailed to the Commission. The merchandise was apparently returned and Corporate Express credited the Commission account. However, prior to the credit being applied, the Commission paid the invoice. Corporate Express delivered the merchandise again and re-billed Commission account #12427208. The invoice was mailed to the Commission. Corporate Express records indicate that both invoices billed to Commission account #12427208 were also paid with

church check #6353. A portion of the proceeds from this check were also applied to the church's account.

According to Corporate Express management, proceeds from the church check would not have been applied to the Commission's account and the church's account unless Ms. Moncrieffe instructed them to do so.

Ms. Moncrieffe stated she did not instruct Corporate Express to apply a portion of the proceeds from the church check to the Commission account.

## Corrective Action

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Our auditor advised Mr. Willie the extent of problems with the vendor account. Mr. Willie immediately contacted Corporate Express management and all Little Rock Missionary Baptist Church information was removed from the Commission account file.

According to Mr. Rowe, he is in the process of segregating duties in the purchasing process.

## Conclusions:

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1. Ms. Moncrieffe co-mingled her duties as a Commission employee and a church secretary resulting in the Commission being billed for merchandise ordered for the church. The co-mingling activity took place while Ms. Moncrieffe was on state time. The church benefited from the state's discounted contract prices on purchases totaling \$1,310.05 and did not pay the required sales tax.
2. Ms. Moncrieffe's actions caused Corporate Express to create an additional account for the Commission containing the Little Rock Missionary Baptist Church address. When orders were charged to this

account, the invoice was sent directly to the church, reducing the possibility that her supervisor, Mr. Rowe, would discover the problem.

3. Although Ms. Moncrieffe was aware the Commission was being charged for merchandise purchased for the church, she failed to take appropriate action to ensure the problem was resolved.
4. Corporate Express used proceeds from church checks to pay invoices associated with Commission merchandise. In one case, church check proceeds were used to pay two invoices for the same merchandise. One of the invoices had previously been credited and the other had been paid by the Commission. Total amount of the two invoices was \$211.32. In another case, church check proceeds were used to pay an invoice for Commission merchandise totaling \$168.99.
5. Adequate internal controls were not in place during the time period under review.

Recommendations:

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1. The Louisiana Real Estate Commission should work with Corporate Express to reconcile the Commission accounts.
2. Commission management should review all vendor accounts to verify the Commission has not been charge for non-Commission merchandise.
3. Commission management should institute additional controls, such as a segregation of duties, to reduce the risk of improper charges to Commission accounts.
4. Commission management should take appropriate disciplinary action regarding Ms. Moncrieffe's actions.



State of Louisiana  
LOUISIANA REAL ESTATE COMMISSION

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

July 18, 2002

Mr. Bill Lynch  
State Inspector General  
Office of State Inspector General  
Post Office Box 95095  
Baton Rouge, LA 70804-9095

RE: File No. 1-02-0079

Dear Mr. Lynch:

First, I want to thank you for allowing Mr. David Morales to address the situation regarding purchases and accounts payable within the Louisiana Real Estate Commission. Mr. Morales did a very thorough audit in a most professional manner.

Your draft report has been reviewed and we at the Commission have nothing to add. However, we have segregated duties in the purchasing process. One individual is responsible for purchasing and another for accounts payable. While more extreme immediate action, such as transfer, would be desirable, unfortunately, being a small agency, we are limited in this respect.

I will wait for your final report. Once I receive it, I will take appropriate action. Your office will be informed of this action.

Again, thank you for your help in this matter.

Sincerely,

J. C. Willie  
Executive Director

JCW/acm

cc: Belle Dunaway, Assistant Director  
Albert Rowe, Accounting Supervisor  
Ann Major, Human Resources

# AVANT & FALCON

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July 23, 2002

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JOHN L. AVANT

Mr. Bill Lynch  
Office of State Inspector General  
Post Office Box 94096, Capitol Annex  
Baton Rouge, Louisiana 70804

RE: Angela Moncrieffe  
File No: 1-02-0079

Dear Mr. Lynch:

Ms. Moncrieffe has asked that I respond to your letter of July 16, 2002 and the draft report prepared by your staff in the captioned matter.

Her comments and assertions are as follows:

1. Ms. Moncrieffe did not perform duties for her church on State time;
2. Supervisors at the Agency were aware that office supplies were being delivered to Ms. Moncrieffe for her church at the Agency's office;
3. Prior to the confusion on part of Corporate Express they billed the church at the church discount and presumably included taxes;
4. Church check #6353 for \$528.17 was sent to Corporate Express in payment of the church's bill;
5. Other vendors provided merchandise to both the church and the Agency without difficulty by keeping their billings straight;
6. Ms. Moncrieffe did not instruct Corporate Express to bill the church at the Agency rate or not to charge taxes on purchases by the church;
7. Ms. Moncrieffe never participated in or caused multiple accounts to be created in the name of the Agency;

8. Ms. Moncrieffe acted promptly in an attempt to correct the inappropriate billings by Corporate Express;
9. Ms. Moncrieffe does not understand how or why Mr. Rowe would claim she did not notify him of the billing problems;
10. On or about January 10, 2002, Ms. Moncrieffe advised Corporate Express as to the correct mailing address for billings on the church account;
11. Ms. Moncrieffe never instructed Corporate Express to apply church funds to the Agency account;
12. Ms. Moncrieffe has closed the church account with Corporate Express. She also had redirected church deliveries by other vendors so that they are no longer made to the Agency offices thus avoiding possible confusion in the future.

The prior long standing practice of Ms. Moncrieffe having church supplies delivered to her at the Agency office has been terminated. It started prior to Corporate Express purchasing Taylor Supply Company. These types of problems and confusion had not existed previously.

We do not know why the referenced confusion occurred in the Corporate Express Bookkeeping Department, but it was not caused by Angela Moncrieffe.

Yours truly,

AVANT & FALCON

Floyd J. Falcon, Jr.

FJF,jr:mbp  
cc: Angela Moncrieffe