



JPOIG Overview

Marrero-Harvey Volunteer Fire Company #2022-0029

January 18, 2024

Why We Did This Audit

The purpose of the audit was to determine if the Marrero-Harvey Volunteer Fire Company's (MH VFC) internal controls were properly designed and implemented effectively to ensure that funds were spent in accordance with governing laws and the fire district millage restrictions. The JPOIG also assessed the MH VFC's compliance with the Fire Protection Agreement. The scope period was 01/01/2021 through 12/31/2021 and included all public fund expenditures during that period.

What We Recommend

The MH VFC should:

- gain an understanding of its policies and procedures, the Louisiana Constitution, and the Fire Protection Agreement.
- improve its internal controls over (1) cash; (2) operating expenditures and budgeting; (3) payroll; (4) fuel expenditures; and (5) vehicles.

The MH VFC should also: (1) develop a policy that requires the Fire Chief to submit vehicle listing reports to the OFS; (2) record necessary information to determine fuel usage in their fuel storage tank; (3) transfer title of the vehicles worth \$3,160,437 to District 8; and (4) prepare annual budgets in accordance with the Louisiana Legislative Auditor's best practices.

What We Found

The audit identified payments that may violate the Louisiana Constitution and/or the Fire Protection Agreement. The MH VFC paid \$21,200 in bonuses to full-time employees.

The audit also revealed numerous areas that lacked basic internal controls over payroll, fuel, and expenditures:

- ❖ The MH VFC lacked internal controls over payroll that resulted in inaccurate payroll totaling \$1,094.
- ❖ The MH VFC did not prepare a budget with adequate information and lacked basic expenditure controls which could result in unauthorized or unlawful expenditures. The JPOIG noted that of the 41 expenditures tested:
 - 34 expenditures, totaling \$160,193, did not contain written approval prior to purchase.
 - 39 expenditures, totaling \$196,701, did not contain a documented signature on the invoice indicating board approval after the purchase.
- ❖ The MH VFC did not design nor implement proper internal controls over fuel transactions because the MH VFC did not consistently record odometer readings in the fuel pump systems or when they filled up vehicles from the storage tank. This could result in firefighters dispensing fuel for personal or unauthorized purposes.

The audit also revealed the MH VFC was not complying with the Parish Fire Protection Agreement's terms regarding vehicles and inventory:

- ❖ The MH VFC did not submit a current vehicle inventory report to the Office of Fire Services (OFS).
- ❖ The MH VFC did not title vehicles worth \$3,160,437 to District 8.

Vehicles purchased with District 8 funds could be sold, donated or disposed without knowledge or notice to the Parish.

On a positive note, the MH VFC maintained an accurate inventory of vehicles and prepared/reviewed their bank reconciliations properly.

Both the Parish, through the Parish President, and MH VFC responded to the JPOIG report. The Parish did not agree with our findings. However, the MH VFC agreed to several findings.

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