



**OFFICE OF
STATE INSPECTOR GENERAL**

EAST BATON ROUGE COUNCIL ON THE AGING

Report by

Inspector General Bill Lynch

Prepared for

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

May 15, 2001

File No. 1-01-0029

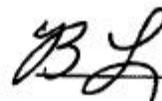


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The East Baton Rouge Council on the Aging, Inc. (Council) board of directors (board) failed to exercise responsible oversight over numerous questionable expenditures and actions by its then executive director, Sharon LaFleur. In many instances, relying on minimal information supplied by Ms. LaFleur, the board concurred in transactions that were questionable on their face.

Some of these activities are related party transactions involving the Council, Ms. LaFleur and other former employees of the Council and are conflicts of interest.

Ms. LaFleur, as the Council's executive director, instigated and approved questionable expenditures totaling \$754,800 over a five and one-half year period from January, 1995, through September, 2000. These expenditures include:

- \$148,000 for her salary while she was devoting her full-time efforts to renovating and operating a private property, Rosewood Plantation;
- \$203,000 spent on questionable business ventures which, although ostensibly to raise money for the Council, generated revenue of only \$7,903;
- \$231,000 paid for two employees who performed little work for the Council;
- \$152,000 for computer work that should have been fairly and openly procured;
- \$19,000 to pay for insurance and repairs on her personal limousine; and
- \$1,800 prepaid for testing and seminars for Council employees which were never performed.

Ms. LaFleur was the trustee of the Oscar LaFleur Charitable Trust (the trust) established by her former brother-in-law for the benefit of the Council. The initial value of the trust was \$620,000. The Council has never received any benefit from the trust, and it is now virtually depleted. The trust and its relationship to the Council is a complex matter which will be the subject of a future report.

Ms. LaFleur has declined to be interviewed.

Background

State law gives the Governor's Office of Elderly Affairs the authority to receive, examine and investigate an organization's application to become a parish council on the aging. If approved by the Governor's Office of Elderly Affairs, the Secretary of State is authorized to issue a charter allowing the organization to become a council on the aging in the parish for which the charter was issued. A council on the aging is authorized to receive public funds from any governmental or political subdivision. A council on the aging is required to comply with the objectives of state laws, and is governed by the policies and regulations established by the Governor's Office of Elderly Affairs.

The East Baton Rouge Council is a non-profit membership corporation established in 1973 to serve the elderly. It is governed by an 11-member board of directors, which appoints an executive director to run the Council's day-to-day operations. It is funded by federal, state and local government funds, and from donations and self generated revenue.

Ms. LaFleur was its executive director from 1976 until her termination on Oct. 29, 2000.

Board members may serve two three-year terms. During the period of this review, Jan. 1, 1995, through Sept. 29, 2000, the following persons served on the Board:

Thomas Durant, Jr.	Max Winkler	Myron Falk	Leonard Guidry
Billeann Riddle	Joy Miller	John Dial	Tony Salvaggio
Bob Covey	Reginald Brown	Mary Findlay	Glenna Fallin
Dorothy Green	Richard Laurent	Michael Lea	Mary Ann Millican
Sharon Weston-Broome	Paul Bateman	John Findlay	Donald Thompson
Mary Virginia Eckert	Raymond Antoine	Willie Miller	

Council revenue totaled about \$2.8 million annually for the past few years. Of this amount, \$1.3 million (\$500,000 in federal funds and \$800,000 in state funds) is received from the Governor's Office of Elderly Affairs and \$700,000 is received from the City of Baton Rouge. The remainder comes from donations and self generated revenue.

The Council employs approximately 95 full and part-time employees.

The funds received from the Governor's Office of Elderly Affairs are earmarked for specific programs provided by the Council. These programs include supportive social services such as information and assistance, in-home services, legal assistance, outreach

programs, meals programs, disease prevention and health promotion activities. The Council also operates senior centers and maintains a fund to assist the elderly with utility bills.

The Governor's Office of Elderly Affairs enters into an annual contract with the Council detailing specific program requirements, funding, and expenditure budgets. Program services and expenditures are monitored on an ongoing basis by the Governor's Office of Elderly Affairs.

According to the Governor's Office of Elderly Affairs, the programs and services required by its contracts have been provided by the Council.

Board Responsibility

The Council board of directors is ultimately accountable for all Council operations. This obligation is imposed on board members by the regulations of the Governor's Office of Elderly Affairs, and also by state corporation law. As directors of a Louisiana non-profit corporation, La. R.S. 12:226 imposes upon board members a fiduciary duty to discharge their duties in "good faith," and "with that diligence, care, judgment and skill which ordinarily prudent men would exercise under similar circumstances in like positions."

As executive director, Ms. LaFleur was responsible for the administration of the Council office and programs on a day-to-day basis.

During the past five and one-half years Ms. LaFleur instigated and approved questionable expenditures totaling \$754,800. According to board minutes, in many, although not all instances, Ms. LaFleur provided the board with information about the transactions. The minutes reflect that the information provided by Ms. LaFleur at times was misleading, inaccurate and consistently insufficient. The cited transactions, including those in which Ms. LaFleur had a conflict of interest, were questionable on their face. Yet, minutes indicate that the board, with little or no scrutiny, concurred in these transactions on the basis of Ms. LaFleur's limited presentations.

Accordingly, the board shares responsibility for related party transactions and failed ventures which required greater scrutiny and study than was actually performed.

I. Sharon LaFleur Salary

Ms. LaFleur received her regular salary from the Council for the period July, 1998, through September, 2000, while doing little work as the executive director. During this period she oversaw, on a full-time basis, the renovations and operations of Rosewood Plantation, located in the community of Brittany in Ascension Parish, approximately 27 miles from the Council office.

The policy manual for the Governor's Office of Elderly Affairs specifically requires each council on the aging to employ a full time executive director.

Board members were aware of the extensive renovations being performed at Rosewood Plantation. However, Ms. LaFleur's secretary generally concealed her absence from the office by leading callers to believe she was temporarily unavailable.

Ms. LaFleur's attendance at the Council office, according to employees, started to decline shortly after the Oscar LaFleur Charitable Trust purchased Rosewood Plantation on Oct. 31, 1996.

The trust removed Rosewood Plantation from its assets on April 2, 1998, by purportedly selling the property to Rosewood Enterprises, Inc., a private business corporation which lists Sharon and Oscar LaFleur as officer/directors and incorporators. Rosewood Enterprises, Inc. is not associated with the Council.

According to employees, Ms. LaFleur's attendance further declined after the April 2, 1998, sale of Rosewood Plantation to Rosewood Enterprises, Inc., to the point that she only came to the Council office for the monthly board meetings and infrequent appointments. Council employees and a Rosewood employee state Ms. LaFleur was available by telephone as she was rarely away from Rosewood Plantation. Council employees further stated they called Ms. LaFleur on almost a daily basis at Rosewood Plantation to ask questions or relay messages.

Council telephone records from April 1, 2000, until Sept. 20, 2000, indicate numerous calls from Rosewood Plantation to the Council office.

Ms. LaFleur's employment contract states the purpose of her employment was to provide quality care and service to elderly persons residing in the service area represented by the Council. In addition, the contract states she shall dedicate herself to Council business, but allows her to engage in other pursuits so long as they are not in competition with

Council business and do not interfere with the performance of her duties. The contract does not require specific hours of work or attendance at the Council office.

Ms. LaFleur's salary at the time of her initial contract was \$52,000 per year; at termination her salary was \$68,307 per year. Part of Ms. LaFleur's salary was paid with funds received from the Governor's Office of Elderly Affairs. For the period July 1, 1998, through Sept. 29, 2000, Ms. LaFleur's salary totaled \$148,364, with \$86,593 funded by the Governor's Office of Elderly Affairs.

Ms. LaFleur was placed on unpaid administrative leave on Sept. 29, 2000, and was terminated Oct. 29, 2000.

Conclusions:

1. From July, 1998, through September, 2000, Ms. LaFleur was paid \$148,364 as a full-time executive director by the Council while supervising renovations and operations at Rosewood Plantation, owned by a private corporation, Rosewood Enterprises, Inc., with which she is affiliated.
2. The extent of Ms. LaFleur's continued daily absences from the office violated the Governor's Office of Elderly Affairs' policy requiring a full-time executive director.
3. The duties of executive director of the East Baton Council on the Aging, an organization with an annual budget of \$2.8 million with approximately 95 employees, cannot be fully and adequately performed over an extended period of time by telephone. Thereby, Ms. LaFleur's extensive absence from the Council office did interfere with her performance, duties and obligations to the Council.

II. Questionable Business Ventures

During the period of August, 1995, through January, 1998, as the result of Ms. LaFleur's recommendation and direction, the Council pursued three unsuccessful business ventures costing \$203,453 to market materials and services to generate additional revenue.

Presentations of these ventures to the board by Ms. LaFleur were brief and did not contain specific details. We found no business plans or market surveys for these

ventures. However, the board approved the ventures as recommended by Ms. LaFleur with little or no discussion reflected in board minutes.

A. Wellness Materials

In 1996, with the concurrence of the board, Ms. Lafleur launched an unsuccessful Council business venture to market a physical health care program for the elderly.

The Council spent \$46,375 from its general fund for the purchase of health promotion materials for the elderly from Wellness Partners, Inc., and Wellness Expressed, Inc., both of Tempe, Az. The venture only generated \$7,903 in revenues.

During the April 11, 1996, board meeting, Ms. LaFleur discussed the possibility of purchasing the materials from Wellness Partners, Inc. Board minutes state the following:

“Sharon LaFleur told the board that Wellness Partners had lost a major source of its funding, and, because of this, wanted to sell the copyrights to the wellness manuals as well as most of the other publications, tapes, etc. prepared by them. With the use of these materials, it would be possible for us to do wellness training for other agencies as well as for private businesses. Upon motion by Mike Lea, seconded by Richard Laurent, she was authorized to look into the possibility of purchasing same.”

The board gave Ms. LaFleur approval to purchase the materials during the Sept. 12, 1996, meeting.

Ms. LaFleur purchased Wellness Partners Health Promotion Volumes I, II, and III for \$43,375. This purchase includes: copyrights, \$35,000; inventory, \$7,025; and consulting, \$1,350. In addition, Ms. LaFleur paid Wellness Expressed, Inc., a second company owned by the same people, \$3,000 to develop a workplace wellness training manual.

Board minutes do not indicate that a written report or marketing plan was developed or merits of the proposal were seriously reviewed. Council employees stated that a business plan to acquire or market the material was not prepared, and none was found at the Council office. The purchase was approved solely on the basis of Ms. LaFleur’s verbal recommendation. The board did not require further analysis, study, or the preparation of a business plan.

Good business practices, particularly when public funds are involved, require the exercise of a greater responsibility in the development of a business plan which reflects whether there is a probability of economic success.

B. Unfinished Book

In another unsuccessful venture approved by the board, Ms. LaFleur entered into a related party transaction between the Council and Wellness Expressed, Inc., to ghost write a book on her behalf and another employee, Danna Spayde, special projects director. The book was to be about managerial skills in nonprofit organizations. The Council paid a total of \$9,900 for this project, which Ms. LaFleur and Ms. Spayde failed to complete. As a result, the project generated no revenue to the Council.

Ms. LaFleur discussed the idea of a book with the board at the Sept. 12, 1996, meeting as follows:

“Sharon LaFleur informed the board that she and Danna Spayde both have ideas for books which they feel would be most informative to non-profit organizations and will result in considerable income to the council. A proposal was made that Suzy Seibert and Cindy Turner of Wellness Expressed, Inc. be retained to handle the writing of the book tentatively entitled ‘The Entrepreneurial Spirit in the Non-Profit World,’ for the sum of \$6,800. The copyright of the book will be held by East Baton Rouge Council on Aging, Inc., or its designee, and it will receive a 60% royalty from the sale of the books, with Sharon LaFleur and Danna Spayde each receiving 20% royalty.”

Ms. LaFleur, on behalf of the Council, entered into three contracts with Wellness Expressed, Inc., concerning the book. The first contract provided for six days consulting services to gather data and prepare a conceptual draft of the book for \$2,700. The second contract divided the writing of the book into two phases, preliminary draft and final manuscript, each paying \$3,400 upon completion, for a total of \$6,800. The third contract provided artwork for \$650.

A draft of the book was found at the Council office along with a cover letter dated Dec. 16, 1996, which indicates the preliminary draft was near completion. However, Ms. LaFleur and Ms. Spayde needed to provide additional information for the book. Ms. Spayde said the project bogged down and was not completed.

Payments associated with the book total \$9,900. In accordance with the contract between Wellness Expressed and the Council, the costs to reach the point of a preliminary draft of the book should have been no more than \$6,100.

Good business practices, particularly when public funds are involved, require the exercise of a greater responsibility in the development of a business plan which reflects whether there is a probability of economic success. The same applies to related party transactions.

C. Accountability Plus System

The Council invested \$147,178 in Accountability Plus, a computerized time and attendance record keeping system which was never fully developed and later abandoned. Costs for the system were: initial hardware and software, \$64,406; finance charges, \$23,369; software upgrades, \$10,783; additional programming, \$3,850; and leasing a T-1 communications line costing \$800 per month, totaling \$44,770. Accountability Plus was to be utilized by Council employees and be marketed to outside organizations.

The Accountability Plus system was designed to record the time and attendance of employees and generate data for Council payroll checks. When employees checked into the system by telephone, the time and phone number were recorded by a computer. The system was expected to be particularly useful for monitoring employees who worked outside the office during the day.

To become fully operational it was necessary to lease a T-1 communications line at a cost of approximately \$800 per month. The lease payments covered the period September, 1995, through April, 2000, totaling \$44,700, of which approximately \$13,500 was federal and state funds.

The system was not integrated with the Council's existing accounting system and was not used to generate payroll checks. Several test printouts from Accountability Plus were found by Council employees, the most recent being dated March 19, 1996. Available records indicate Accountability Plus and the T-1 communications line were not used after this date. The enrollment form for the T-1 communications line indicates a twelve month renewable term starting Sept. 15, 1995. Therefore, the Council paid \$34,727 for a T-1 communications line during the period Oct., 1996, through May, 2000, which was not utilized. Employees stated Ms. LaFleur rejected suggestions the T-1 communications line be terminated.

Ms. LaFleur unsuccessfully attempted to market the Accountability Plus system to other organizations as evidenced by a Feb. 26, 1996, letter to friends and colleagues. Thus, Accountability Plus generated no revenue for the Council.

According to Council employees, Ms. LaFleur did not have a marketing plan and none was found at the Council office.

Good business practices include insuring the Accountability Plus system could be readily integrated with the payroll system. Good business practices, particularly when public funds are involved, require the exercise of a greater responsibility in the development of a business plan which reflects whether there is a probability of economic success.

Conclusions:

A. Wellness Materials

1. Ms. LaFleur, with board approval and without developing a business plan, purchased health promotion materials from Wellness Partners, Inc., and Wellness Expressed, Inc., as a means of generating revenue for the Council. The Council spent \$46,375 on the venture and only received revenue of \$7,903.
2. The majority of the expenditures were for copyrights (\$35,000), and materials (\$7,025) which are apparently almost worthless.

B. Unfinished Book

1. The Council invested \$9,900 in a money making idea for a book as proposed by Ms. LaFleur and Ms. Spayde without developing a business plan.
2. Although the book was a related party transaction, the board failed to adequately scrutinize the venture between the Council, Ms. LaFleur and Ms. Spayde.
3. Ms. LaFleur approved \$9,900 in payment for the project, an amount \$3,800 more than should have been due under the contract.

C. Accountability Plus System

1. Ms. LaFleur, with board approval, purchased an employee time and attendance record keeping system for \$147,000 before thoroughly researching the system's marketability and compatibility with the Council's payroll system.

2. After the system was abandoned, the Council, continued to pay \$800 per month for the T-1 communications line, totaling \$34,727 which was not utilized.

III. Questionable Hiring Practices

Ms. LaFleur hired or contracted with and approved the payment of questionable compensation by the Council to three individuals. All three of the individuals had an outside business or personal relationship with Ms. LaFleur, in addition to their relationship with her through the Council.

A. Peter Hoy

Peter John McCartney Hoy, who was hired on Aug. 7, 1996, did not provide any service of value to the Council. However, he was paid a salary of \$19,312 and travel expenses of \$361.

Mr. Hoy, an Australian national, was employed by the Council without a work visa.

Council employees stated Mr. Hoy resided at Ms. LaFleur's home in Baker, La. and, later, at Rosewood Plantation.

Mr. Hoy was in the United States developing and marketing a self teaching keyboard system he called the McCartney Music System. McCartney Systems, Inc., was registered as a not for profit corporation in Louisiana on Aug. 5, 1993, three years prior to his Council employment. Ms. LaFleur is shown as a director in Secretary of State records.

Council employees stated Mr. Hoy spent the majority of his time working on his music system. Employees also said Mr. Hoy and Ms. LaFleur tried to market the music system, but were unsuccessful. The Council could not provide documents or other information which would show the Council had an ownership or other interest in the McCartney Music System. Council employees also said he may have done some work on Accountability Plus, which we have been unable to verify.

Ms. LaFleur knew Mr. Hoy did not have a work visa when she hired him. In fact, Ms. LaFleur had paid \$230 of Council funds in an unsuccessful effort to obtain a work visa prior to the Feb. 27, 1997, board meeting. At the Feb. 27, 1997, board meeting, she told the board his employment was illegal, but that she was working to obtain a work visa. Minutes state the board approved of her handling of the situation.

Subsequently, after it became apparent a work visa could not be obtained, the Council accounting records were changed to record salary payments to Mr. Hoy as contractor payments.

Federal law requires an employer verify that all alien employees have the required work visa. An employer's designation of an employee as a contractor does not avoid this requirement. In addition, federal law requires the employer and employee to complete an Employment Eligibility Verification (Form I-9) at the time of employment. The Form I-9 in Mr. Hoy's personnel file was not completed. Thus, the handling of Mr. Hoy's employment conflicts with federal immigration law.

B. Pleasant Hooper, M.D.

Little services of value to the Council were received as a result of Ms. LaFleur's employment of Dr. Pleasant Hooper, an unlicensed medical doctor whose license to practice had been revoked by the State of Mississippi. Dr. Hooper was paid \$195,456 in salary and expenses as a part time employee for the period January, 1995, through September, 2000. Cost to the Council for Dr. Hooper's services included an additional \$10,721 for auto insurance associated with his personal use of Council-owned vehicles. In addition, at the time of Dr. Hooper's separation from the Council he owed the Council \$5,080, which has not been paid.

Dr. Hooper was hired Jan. 9, 1995, as the Council medical director. His immediate supervisor was Ms. LaFleur.

Dr. Hooper was introduced to the board during the Jan. 12, 1995, meeting as the new medical director. At the meeting Ms. LaFleur stated she learned of Dr. Hooper through the group attempting to establish the Louisiana University of Medical Sciences. She told the board that he would be available for part time work for the Council, allowing the Council to participate in some research programs.

Ms. LaFleur did not elaborate on any specific potential research. Dr. Hooper said he had a role working with others on a few research projects, but as directed by Ms. LaFleur, he devoted the majority of his time to the Louisiana University of Medical Sciences.

The Louisiana University of Medical Sciences is a proposed medical school which has been trying to organize for a number of years. The school does not currently conduct classes. A proposed catalog and application guide for 2000-2003 lists the address as 5790 Florida Boulevard, Baton Rouge, La., which is the address of the Council. The

guide also names Ms. LaFleur as the equal opportunity officer, using the Council address and telephone number. At the time the school did not have an office.

The catalog and application guide state the university is committed to a teaching program that addresses the shortage of primary care physicians, both in Louisiana and nationwide. The Louisiana University of Medical Sciences is not legally affiliated with the Council. Employees indicate Ms. LaFleur felt the elderly population was not properly served and by increasing the number of doctors the problem could be reduced.

A Council board member said the board was aware the Council was helping the university get started and that Dr. Hooper would work with the university.

According to a Louisiana University of Medical Sciences board member, Dr. Hooper served on a committee assigned with preparing a newsletter, and another studying accreditation.

On Oct. 1, 1999, Dr. Hooper's job title was changed to health and in-home services director. His immediate supervisor was also changed to the chief operations officer.

Dr. Hooper rarely reported to the Council office, according to employees, and performed virtually none of his assigned duties. Dr. Hooper countered that he did the work he was hired to do by Ms. LaFleur, and that, because much of it did not involve him working with other Council employees, they would not be aware of it. Employees further stated Dr. Hooper was only concerned with the Louisiana University of Medical Sciences and his efforts were directed to this cause.

Ms. LaFleur gave Dr. Hooper \$4,000 of Council funds on July 1, 1997, to obtain his license to practice medicine in Louisiana. In exchange, Dr. Hooper agreed to continue working for the Council as a licensed physician for a period of one year. The agreement stipulates that, should Dr. Hooper fail to obtain the license in a timely manner he would repay the \$4,000.

Dr. Hooper has not obtained his license to practice medicine in Louisiana. Upon his termination, a letter demanding immediate payment of the \$4,000 was prepared by Brenton Sempreviva, chief operations officer. Dr. Hooper states he suggested a payroll deduction plan to repay the debt in 1998, but got no response. To date the Council has not been repaid.

According to employees, Dr. Hooper was given exclusive use of a Ford van belonging to the Council shortly after becoming employed with the organization. Dr. Hooper was given exclusive use of a 1988 Dodge van after the vehicle was donated to the Council on

June 6, 1997. Insurance expenses paid by the Council for the vans assigned Dr. Hooper during his employment totaled \$10,721.

On July 1, 2000, Ms. LaFleur sold the 1988 Dodge van to Dr. Hooper for \$1,500. Dr. Hooper signed a \$1,500 promissory note to the Council dated July 6, 2000, and obtained insurance coverage on July 7, 2000.

Dr. Hooper was paying the promissory note through payroll deductions when he was terminated by the Council, leaving a balance of \$1,080. A letter was prepared Sept. 28, 2000, by Mr. Sempreviva demanding Dr. Hooper pay the unpaid note. To date, Dr. Hooper has not paid the note.

C. Steve Hudson

Several problems arise from a computer equipment and services contract under which the Council paid \$152,382 to Business Consulting Services, headed by Steve Hudson.

- The five-day time frame for bidders to respond to an invitation to bid was too short.
- The invitation to bid closely parallels a proposal presented to the Council one month earlier by Mr. Hudson.
- The duties of a network administrator to oversee the computer operation were not defined.
- Invoices paid by the Council lacked sufficient detail on services provided.
- A conflict of interest occurred when the network administrator, Mr. Hudson, sold equipment to the Council outside the contract.
- Data entry, normally a clerical task, was billed at the administrator's fee of \$55 per hour, when a normal charge is approximately \$11 an hour or less.
- Mr. Hudson rented a room from Ms. LaFleur at her home in Baker, La.

Mr. Hudson submitted a proposal to the Council dated Feb. 27, 1996, to upgrade and network the Council computers. The proposal included the sale of equipment and services billed at an hourly rate. After conferring with the Governor's Office of Elderly Affairs, the Council prepared an invitation to bid which closely follows the proposal submitted by Mr. Hudson.

The invitation to bid was sent to prospective bidders on March 25, 1996. The letter accompanying the bid package stated the bid opening would be 10 a.m. on Friday, March 29, 1996.

The invitation to bid asked for specific equipment and services along with the Council's desire to hire a network administrator. Duties of the network administrator were not defined in the invitation to bid.

Mr. Hudson's bid was accepted and a personal services agreement was executed. The contract began April 1, 1996, and ended June 30, 1996. It automatically renewed from year to year.

The contract has a stated hourly rate of \$55 per hour for services rendered and requires the invoices submitted to detail the services provided.

Services to the Council included the following:

- Act as computer network administrator.
- Provide support and technical assistance as needed to network users.
- Provide 24 hour on call service and support.
- Ensure computer hardware and software are virus free and operating efficiently.
- Provide staff training.

In the contract, the duties of a network administrator were not defined.

Mr. Hudson stated he rented a room from Ms. LaFleur at her home in Baker, La. during the period of the contract.

Mr. Hudson said the initial hardware and services to upgrade and network the system cost approximately \$22,000. Additional projects which fell outside the scope of the original agreement accounted for approximately \$130,000 in billings.

Mr. Hudson and Council employees stated the additional projects included the following:

- Develop a database in Paradox software detailing information received from Council clients, including data entry to transfer the information into the new system.
- Sale of computer equipment not included in the contract or the invitation to bid.
- Programming associated with the Accountability Plus system.
- Provide additional technical support.

Mr. Hudson submitted invoices which did not contain sufficient detail for Council employees to match hours billed with services provided. After eight months of invoices, Council officials started requiring Mr. Hudson attach work orders to the invoices

detailing hours worked and services performed. Shortly after work orders were instituted the relationship between the Council and Mr. Hudson ended.

Mr. Hudson's invoices for the period April, 1996, through March, 1997, total \$152,382. A review of invoices submitted by Mr. Hudson reveals designing the data base and data entry cost at least \$44,971, with sales of additional computer equipment costing \$20,716. The remainder of the invoices were shown as hours worked and billed at the contract rate, \$55 per hour.

Invoices did not itemize billings for data entry for which he charged \$55 per hour. For comparison purposes, the maximum rate paid by the State to a local contractor for data entry services is \$11 per hour.

Good business practices require purchases be made through arms length transactions which assure the Council is paying a fair price for goods and services.

Conclusions:

A. Peter Hoy

1. Mr. Hoy was paid \$19,673 by the Council primarily to work on the McCartney Music System for which it received no benefit.
2. Ms. LaFleur hired Mr. Hoy in conflict with federal immigration law, exposing the Council to civil penalties. In addition, Ms. LaFleur approved Council payment of \$230 in filing fees for Mr. Hoy's federal applications for a work visa.
3. Although being advised by Ms. LaFleur that Mr. Hoy's employment was illegal, the board formally approved his employment.
4. Ms. LaFleur hiring Mr. Hoy as a Council employee creates a conflict of interest as she is a director in McCartney Systems, Inc.

B. Pleasant Hooper, M.D.

1. The Council paid either directly to or on Dr. Hooper's behalf a total of \$211,257 although he performed little work for the Council.

Payroll

\$186,737

Miscellaneous expenses	8,719
Vehicle insurance	10,721
Agreement to obtain medical license	4,000
Unpaid balance of note	<u>1,080</u>
	<u>\$211,257</u>

C. Steve Hudson

1. Given the fact that the Council invitation to bid closely parallels Mr. Hudson's earlier proposal and the short five-day time frame to bid, Mr. Hudson had an unfair advantage over other bidders. This may have added to the cost of the project.
2. The duties of a network administrator are not defined in either the invitation to bid or the contract with Mr. Hudson. This allowed Mr. Hudson to perform duties which could be considered outside the scope of a network administrator.
3. The Council paid \$152,382 on invoices submitted which generally did not include a detailed description of the services provided as required by the contract. Due to a lack of detail supplied in the majority of the invoices, there is no way to determine if the amount paid is commensurate with the services received.
4. Mr. Hudson recommended the purchase of computer equipment and then sold the equipment, creating a conflict of interest.
5. The equipment purchased beyond that included in the invitation to bid and the contract should have been competitively bid.
6. Mr. Hudson received \$55 per hour for data entry, when the going rate is \$11 per hour or less.
7. Ms. LaFleur failed to insure Mr. Hudson's contract was administered in the best interest of the Council.

IV. Questionable Expenditures

The Council spent \$19,000 for insurance and repairs on a Lincoln limousine owned and used by Ms. LaFleur for which the Council received little benefit.

Ms. LaFleur purchased the limousine in July, 1996, and insured the limousine with Council funds before receiving approval from the board. She later misled the board, and received approval for the Council to pay the cost of insurance and maintenance for the limousine.

Ms. LaFleur approved payment of \$1,800 to a friend as an advance payment for testing and counseling sessions to be administered to ten Council employees. Neither the test nor the counseling sessions were given to the employees.

A. Lincoln Limousine

Ms. LaFleur purchased a 1984 Lincoln limousine on July 19, 1996. She added the limousine to the Council's automobile insurance policy on Aug. 2, 1996, effective on July 19, 1996.

A Council employee questioned Ms. LaFleur as to the need for board approval to add the vehicle to the insurance policy. At its Sept. 12, 1996, meeting, the board voted to pay for the insurance, maintenance and repairs as requested by Ms. LaFleur. The minutes state:

“Sharon LaFleur reported that she had purchased with her own funds a Lincoln limousine and is donating the use of same to the Council during the daytime on weekdays. She wants to reserve the right to use it on weekends and at night. In return for the use of same, she is asking that the Council provide maintenance, repairs, pay for gasoline used while the vehicle is being used by the Council and provide insurance coverage on same. She stated that insurance will cost approximately \$2,000 per year, but that our insurance agency is going to donate \$1,000 toward that premium as an expression of its approval of and desire to participate in the project. She stated that the board might want to enter into a contract with her setting forth this understanding. After discussion, upon motion of Joy Miller, seconded by Leonard Guidry, the board approved the execution of a contract containing the provisions set forth above.”

There was no discussion by the board of the Council's need for a limousine, or the fact that the contract was a related party transaction with Ms. LaFleur. Additionally, Ms. LaFleur did not inform the board she had previously included the limousine on the Council's insurance policy.

An agreement was prepared and entered into Oct. 17, 1996, between the Council and Ms. LaFleur for use of the limousine. The agreement states the Council will pay for

insurance, maintenance and repairs in exchange for use of the limousine during the daytime hours on Monday through Friday of each week. The agreement does not detail the insurance coverage, costs of insurance and other expenses which would be paid by the Council.

Employees stated the limousine was rarely at the Council office on weekdays. In addition employees stated the limousine was usually at Rosewood Plantation.

The insurance cost for the first six months was \$940, a rate almost twice what Ms. LaFleur told the board it would cost. After the first six months the cost of the insurance escalated substantially, costing a total of \$18,369 for the 4 years, 3 months the policy was in force.

The cost of the insurance was as follows:

July 19,1996 to Dec. 31, 1996	\$ 940
Calendar year 1997	6,273
Calendar year 1998	4,107
Calendar year 1999	4,033
Jan. 1, 2000 to Sept. 27, 2000	<u>3,016</u>
	\$ <u>18,369</u>

The Council also paid \$631 for repairs through Steve Hudson. The first repair bill for \$400 was paid with Council funds before the board approved the contract.

Council employees and board members indicate the limousine was used on two occasions by board members to attend the State Council on Aging conference in Alexandria, La., and on one occasion to attend a national conference in Corpus Cristi, Texas. They also said the limousine was used a few times for in town trips.

B. Joseph Rich

Ms. LaFleur approved a payment of \$1,800 in Council funds to the Reverend Joseph Rich, an itinerant preacher, for seminars which were never received and are questionable as to need.

Mr. Rich states he and Ms. LaFleur verbally agreed to giving the “Yokefellow Test” to a group of management employees at the Council. The Yokefellow program is spiritually based and attempts to foster participants’ spiritual and emotional growth.

The written test was to be given immediately after payment, with group sessions lasting six months at a cost of \$1,800 per month. Group sessions for selected employees were to be held once a week, with each session lasting approximately two hours.

Mr. Rich stated he contacted Ms. Spayde at least four or five times to schedule the written test. Mr. Rich said he explained to Ms. Spayde that he intended to leave the United States, and therefore the test and group sessions needed to be held during the next twelve months (calendar year 1998). Mr. Rich said he extended the period an additional twelve months and eventually left the United States in December, 1999, approximately two years after entering into the verbal agreement with Ms. LaFleur.

Ms. Spayde stated Mr. Rich contacted her at least four or five times about giving the written test and starting the group sessions. Each time Mr. Rich contacted her, she asked Ms. LaFleur who would participate and when the program should be started, but never received an answer.

Ms. Spayde stated she did not feel her position would allow her to assign employees to the program. Therefore, the test was not given and the group sessions were not held.

On Oct. 4, 2000, Donald Thompson, board chairman, sent Mr. Rich a demand letter for repayment of the \$1,800. Mr. Rich stated he fulfilled his part of the obligation by attempting to schedule the program, and not scheduling other clients during this period. Mr. Rich has not repaid the money.

Conclusions:

A. Lincoln Limousine

1. The Board showed poor judgment in approving the limousine proposal based on the limited explanation as to the costs by Ms. LaFleur. The vehicle was neither needed nor meaningfully used by the Council.
2. The \$19,000 of Council funds spent on insurance and repairs on a limousine which was not needed by the Council is inappropriate.
3. Ms. LaFleur's personal interest in this transaction is a conflict of interest as highlighted by several facts:
 - She insured the limousine and had repairs made, both at Council expense, before requesting Board approval.

- She misrepresented the cost of insuring the limousine.
- She failed to apprise the Board that the actual cost of this insurance from year to year ranged from four to six times what she had stated.
- Her limousine was rarely used by the Council, and she, as executive director, was the Council official responsible for identifying ways it was to be used.
- She failed to apprise the Board once it became apparent that the actual use of the limousine was far too infrequent to justify the cost.

Ms. LaFleur received almost all of the benefit from this arrangement, while the Council received almost none.

B. Joseph Rich

1. Ms. LaFleur paid Mr. Rich \$1,800 of Council funds in advance of receipt of services.
2. A counseling program for employees failed because Ms. LaFleur did not schedule the meeting dates.

General Conclusions:

1. As detailed in this report, during the review period, Ms. LaFleur exercised poor stewardship over Council affairs in numerous instances, abusing the trust placed in her by the board.

Her poor management involved leading the Council into questionable business ventures without adequate evaluation beforehand, inadequate management of staff, inadequate contract management, conflicts of interest, providing misleading and incomplete information to the board, and a failure to complete projects.

While her near total absence from the Council office during the last two years of her tenure surely contributed to these management problems, in our opinion, the common factor in most of the problem transactions is Ms. LaFleur's failure to make the Council interests her top priority.

2. During the review period the board failed to adequately oversee Ms. LaFleur's administration of the Council, relying on blind trust in Ms. La Fleur rather than practicing informed oversight. It approved and failed to follow up on questionable expenditures of hundreds of thousands of dollars with little information or

scrutiny, even where Ms. LaFleur had a known conflict of interest. In many of the transactions we examined, Ms. LaFleur sought board approval, yet the board neither received nor requested sufficient information to make an informed decision. The board had no effective mechanism in place to review Ms. LaFleur's actions.

General Recommendations:

1. In the future the board should exercise greater diligence in overseeing Council operations.
2. The board should clearly define the duties, responsibilities and authority of its executive director.
3. The board should improve its basic business policies and practices, to include procurement, hiring, payment approvals and new projects.
4. The board should consider pursuing recovery of the questionable expenditures cited in this report.
5. This report will be referred to the appropriate authorities for review.

Responses:

See Attached.

IG Comment:

Regarding the issue of prudence raised by the board, it would have been more prudent had members raised serious questions when the various propositions outlined in this report were put forth by the executive director. The lack of reaction by others to various audit reports does not absolve the board from carrying out its responsibilities as prudent persons.

Both Mr. Hudson and Dr. Hooper submitted unsigned responses.

Mr. Hudson was unable to provide documents to support his method of calculating charges for hourly work or the cost savings on computer acquisitions.

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April 30, 2001

Mr. Bill Lynch
State Inspector General
State of Louisiana
Division of Administration
Office of State Inspector General
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

RESPONSE TO THE INSPECTOR GENERAL'S DRAFT REPORT ON THE EAST
BATON ROUGE COUNCIL ON THE AGING

Gentlemen:

First we would like to thank Mr. Lynch for the long and difficult work Mr. Gordon D and others of his staff performed in reviewing the East Baton Rouge Council on Aging (EBR COA, hereafter) operations and preparing the subject report. Certainly the recommendations 1 - 4 contained on page 21 appear to be reasonable and the COA Board of Directors has already adopted and will implement all four.

Board Members and COA employees have cooperated fully and answered all questions concerning this investigation. We continue to offer our fullest cooperation with an open file and open filing cabinet policy to your staff.

Your investigation and draft report mentioned no active collusion, dishonesty or malfeasance on the part of any Board member, past or present. We must keep in mind that Board members are volunteers or draftees and are often bludgeoned into serving their community by serving in these positions. Board members are part time, giving themselves and their talents as they are able. The Legislature recognizes the need for reducing the standard of diligence required of members of boards of directors of nonprofit corporations to a "ordinarily prudent man" standard (LRS 12:226 A.) and providing them with Safe Harbor legislation (LRS 12:226 E.) as follows:

"A director acting in reliance, in good faith, on a report made to the board of directors, or to any committee thereof, by an official of the corporation ... or stated in a written report by independent or certified public

Mr. Bill Lynch
State Inspector General
April 30, 2001
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accountants fairly to reflect the corporation's financial condition, shall not be liable under the provisions of this section."

The thrust of the rest of our comments is that this Board relied on the Executive Director's reports and had no reason to believe that the Executive Director was furnishing it with false, misleading or no information on a group of her activities in violation of her duties. Any one of the following controls and checks may be sufficient under the law to exonerate board members. When all of them are taken and considered together there should be no question but that the board has more than met the "ordinarily prudent man" test.

Approximately six (6) months prior to Mr. Simprevira's written charges against the agency's Executive Director, based on allegations made by Chris Loque, our current Board Chairman contacted the Legislative Auditor's office and requested that the EBR COA independent audits for the past several years be reviewed for any red flags, indications of problems, etc. He requested that an audit by that office be conducted on operations of EBR COA if it could be justified after the requested reviews. He was advised that the audits would be reviewed and if a basis existed the Legislative Auditor's office would come in and conduct a full audit of its own. No audit resulted from his inquiry and request. "Ordinarily prudent" men would believe the obvious inference that no problems existed.

The Board Members did rely on the Executive Director to perform her duties according to the regulatory guidelines provided by the Governor's Office of Elderly Affairs (GOEA, hereafter). The EBR COA Board followed the GOEA Policy Manual Subchapter C: Councils on Aging Sections 1155, 1157 and 1159 specifically. If Executive Director failed to perform her duties in following the GOEA regulatory guidelines, you have not charged this Board with knowledge and it had no reason to know. On September 22, 2000, the Board was presented with a packet of information documenting misconduct by the Director for the first time. The COA Board quickly acted on September 29, 2000 to terminate the Director. This is an action that ordinarily prudent men would take.

During most of this six-year period the EBR COA employed a full time "Compliance Officer". The Compliance Officer's duties were to insure that the operations of the EBR COA were in compliance with all appropriate local, state and federal regulations. The Board relied on the full and faithful performance of those duties by the Compliance Officer and an ordinarily prudent person would assume that the Compliance Officer was performing his duties in a full and faithful manner. Further, the Board had the legal right to rely on the reports of this officer also.

Mr. Bill Lynch
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During this six-year period the Board hired an independent auditor (a Certified Public Accountant) who reviewed the EBR COA operations and finances every year and gave it a clean audit statement indicating no misconduct by the Executive Director. Under our law, an ordinarily prudent person is allowed to rely on the correctness and completeness of independent audits conducted by a Certified Public Accountant.

A copy of each such independent audit was provided to GOEA for review and appropriate action. GOEA did not question this independent audit. An ordinarily prudent person should infer that these experts found no problems and therefore none existed.

A copy of each independent audit was furnished to the East Baton Rouge Parish City Government for review and appropriate action. It did not question this independent audit either. An ordinarily prudent person could and should infer that these experts found no problems and therefore none existed.

A copy of each independent audit was furnished to the Legislative Auditor's office for review and appropriate action. It also did not question this independent audit. An ordinarily prudent person should infer that these experts found no problems and therefore none existed.

During this six-year period auditors from GOEA conducted their own programmatic and financial reviews of the EBR COA and found no misconduct by the Executive Director. Your own report contains the following statement:

"According to the Governor's Office of Elderly Affairs, the programs and services required by its contracts have been provided by the Council."

An ordinarily prudent person would rely on the correctness and completeness of the GOEA audit rather than assume GOEA's audits were inaccurate and incomplete.

During this six-year period EBR COA Board reviewed and approved annual budgets and revised budgets. Those budgets were then sent to GOEA for review and approval and to the City Parish Government for review and appropriate action. GOEA reviewed and approved the budgets in writing and found no indications of misconduct by the Executive Director. For example, expenditures for the Lincoln Limousine were included in most of these budgets and no agency, state or local, ever questioned that expenditure. An ordinarily prudent person would rely on the GOEA budget review process.

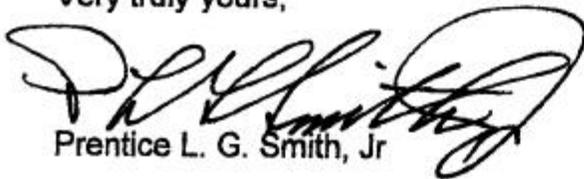
We urge that the draft report's conclusion that lay people, i.e. civic leaders, serving as unpaid board members should have detected and uncovered misconduct by the Executive Director while full-time paid professional auditors and reviewers from four different sources and agencies detected none; imposes too stringent a duty on the

Mr. Bill Lynch
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directors. The duty imposed by your draft report is much higher than the duty imposed by our law. We would urge that checks were in place and did not fail because of any action or inaction by the Board. These civic leaders should not be held responsible for the actions of the Executive Director.

We respectfully request that the draft report be modified slightly to place the blame upon those who practiced to deceive rather than upon civic leaders who believing they had checks and controls in place, relied upon the reports of two (2) officers (Executive Director and Compliance Officer) as well as both independent audits by Certified Public Accountants and governmental audits and oversight.

Very truly yours,

A handwritten signature in black ink, appearing to read "Prentice L. G. Smith, Jr.", written over a printed name.

Prentice L. G. Smith, Jr

PLGSjr/vns

cc: EBR COA Board of Directors

LAW OFFICE OF
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April 18, 2001

ATTN: Peter Wright
Office of State Inspector General
P.O. Box 94095
Baton Rouge, LA 70804-9095

VIA FAX TRANSMISSION (225-342-6761) AND MAIL

Re: File No. 1-01-0029

Dear Mr. Wright:

Please consider this letter a response in the above matter by Sharon Lafleur, whom I represent. Ms. Lafleur has personally read and approved this response.

The report fails to note that Ms. Lafleur served the elderly in East Baton Rouge Parish effectively for over twenty years. In the course of that service, Ms. Lafleur initiated a number of new and successful programs and became actively involved in several national organizations as well, including the National Association of Counties and the Urban Elderly Coalition. In the 1980s and 1990s and Ms. Lafleur attended two White House Conferences on aging issues, which included twenty-two national aging organizations, as a delegate and traveled often to Washington to ensure a role in the decision-making process so that the elderly residents of East Baton Rouge Parish would have the benefit of federal grants. Ms. Lafleur's contributions to the programs for the elderly in this area have been innovative and have had a huge impact on the quality of life of our aging population.

With respect to issues surrounding Rosewood Plantation, it is important to note that Ms. Lafleur obtained absolutely no financial benefit from any transaction involving the property. In fact, it was sometimes necessary for her to expend her own personal funds to maintain the property. It was always her intention, over the long term, for the property to become a real asset for the council and, more particularly, for the elderly in our city. Indeed, the acquisition of the plantation, like every other decision by Ms. Lafleur during her long tenure as executive director of the Council on Aging, had service to the elderly population as its only object.

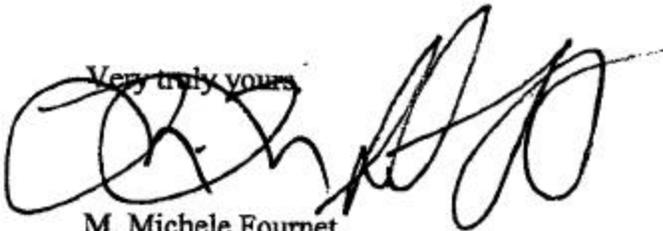
With respect to Ms. Lafleur's presence at the plantation after its purchase, it was important for her to preserve the value of the plantation as a going concern in order to protect the council's interest in it. Ms. Lafleur did not receive any additional salary for managing the plantation and certainly did not neglect her duties as executive director by protecting a council

asset. It is important to note that even your report admits that Ms. Lafleur performed her duties "on a daily basis" through "numerous" phone calls to the Council office from the plantation during this period.

Finally, while Ms. Lafleur does not necessarily agree with the characterization of various business ventures as "questionable," she certainly derived no personal gain from these ventures. Once again, her sole object was to serve the elderly through the raising of additional revenue and the provision of unique services to this population.

With respect to the business ventures, it is important to note also that doing the math on your report in the Background section indicates that Ms. Lafleur successfully raised at least \$800,000 each year beyond the normal federal, state, and local grants to run the agency; this amounted to \$4 million over a five-year period. Ms. Lafleur raised a like amount each year in in-kind donations for community services. The business ventures mentioned in your report represent only a miniscule percentage of the huge amount of funds raised solely through Ms. Lafleur's continued efforts on behalf of the Council.

To the extent that any of her actions or decisions may not ultimately have proved effective in financial or other terms, Ms. Lafleur regrets any errors in judgment on her part. However, her intent was never anything less than to do her job as executive director honestly and effectively.

Very truly yours,

M. Michele Fournet

MMF/tmc

Danna Stone Spayde, LCSW

P.O. Box 66242

Baton Rouge, LA 70896

April 18, 2001

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

Dear Mr. Lynch:

I appreciate the opportunity to comment on the draft report concerning your recent review of the East Baton Rouge Council on the Aging, Inc. I do have a few comments on the two sections that were sent to me, i.e. "B. Unfinished Book and B. Joseph Rich."

B. Unfinished Book

The book was to be about developing entrepreneurial skills in non-profit agencies so that they would not be so dependent on ever diminishing government funding, rather than about managerial skills as stated in the first paragraph of the draft. The book was to be based on a successful and popular workshop that Ms. LaFleur and I had presented over a period of several years at national, regional, and state conferences on aging. The book was an attempt to put this workshop on paper, which turned out to be much more difficult than I had anticipated.

The project bogged down and was not completed because we had trouble coming up with a format for the book that we were satisfied with. While the basic information was there in the ghost written copy, the presentation of it was not the way we wanted it to be. The spirit of the workshop just wasn't in it. We felt that if the information was to be helpful to readers, it needed to be presented in a way that would engage, entertain, and inspire them in order to make the book saleable.

Until late summer, 2000 the concept for the presentation had eluded us. I had finally developed a new idea that I thought would work for it and was planning to resume work on the book at just about the time that Ms. LaFleur was fired and the investigation started. The draft of the book is available on computer disk and in hard copy. However, at this time it seems fruitless to continue with it.

I never knew anything about the details of the contracts or the payments made to Wellness Expressed, Inc., and I have never received any type of payment for work on the book. No art work was ever done that I am aware of.

B. Joseph Rich

I had originally proposed the Yokefellows program as a service to offer clients. I proposed to conduct the sessions with clients, as I had been trained in this process and had found it helpful as a vehicle for spiritual and emotional growth. Ms. LaFleur wanted to do it for COA staff. Rev. Rich agreed to lead it because, as a staff member, I did not feel it would be appropriate for me to do so.

It is true that Rev. Rich contacted me several times about scheduling the program, and I would ask Ms. LaFleur about it each time. I did not believe that I had the authority to decide which staff members to offer it to or to set the schedule. Frankly, I do not recall Rev. Rich's telling me that he was going to leave the country during 1998 or that he extended the period an additional twelve months in order to accommodate the COA. Rev. Rich travels frequently around the United States and did eventually go to Nepal in December, 1999. I did not know anything about his contract terms or that he had been paid in advance of any work.

During my period of employment at the Council on Aging I did not work in the Accounting Department and knew little of the details of any contracts and payments for these or any other projects that I was involved in.

Again, thank you for this opportunity to comment. Please let me know if you have any further questions.

Sincerely,



Danna Stone Spayde

Response to File No. 1-01-0029: B. Pleasant Hooper, M.D.

In 1994, when I was a research science fellow at Louisiana State University (aging research), I was introduced to East Baton Rouge Parish Council On Aging (EBR/COA) director Sharon LaFleur by Dr. Rama Mohanty, president of Louisiana University of Medical Sciences (LUMS). Ms. LaFleur and Dana Spayde, executive assistant of EBR/COA, were long-standing members of LUMS steering committee and advisory board. I was informed that LUMS was headquartered in the EBR Council On Aging's 5790 Florida Boulevard building. Furthermore, the Council provided a dedicated telephone line for LUMS, handled all incoming and outgoing mail, provided computer services, provided clerical services including photocopying and fax transmissions, and accounting services concerning donations to LUMS and bills presented to LUMS. I was told that the LUMS initiative was a major effort of the Council On Aging to improve access to medical care for the elderly.

Subsequently, Ms. LaFleur invited me to join EBR/COA as a part time employee (less than 32 hours per week with no benefits). I was to spend more than 50% of this time on LUMS initiatives and dedicate the rest to those areas of interest to the Council as she would direct. I was not hired as a clinical physician. Apart from LUMS efforts, my council duties included but were not limited to (1) develop EBR/COA involvement in aging research with academic institutions and other organizations (2) analyze how EBR/COA could be utilized as a resource for aging research (3) to stay abreast of new developments in aging research and gerontology and to keep the director current with these developments (4) to research the literature concerning specific topics in aging as the director requested (5) to review and provide recommendations concerning the operations of home health and health screening services to the director (6) participate in national gerontologic societies and other organizations and to represent the EBR/COA in areas of aging science. I was introduced to the EBR/COA Board of Directors by Ms. LaFleur who made it clear to the board that my primary focus in this part-time position was for Louisiana University of Medical Sciences initiatives. I was not consistently provided office space and space, when provided, was not in the main area but in a back storage division away from other employee traffic. No other employees were privilege to or knowledgeable of my assigned duties. I had no authority to disperse COA funds, write checks, or any other control of monies.

Concerning the LUMS efforts I conducted, as Assistant Dean of LUMS, I have been involved in virtually every aspect of development. I have worked intensively in LUMS accreditation efforts with the American Association of Medical Colleges and Schools, the national accreditation body associated with the American Medical Association. I have also been responsible for interactions of LUMS with the Louisiana State Board of Regents. I am responsible for generating the mass of documents required. I have met with members of the community, healthcare professionals, academics, prospective students, and potential faculty. I have had

several meetings with Dean Robert Daniels of LSU School of Medicine in New Orleans. I also met with Dr. Black, one of founders of LSU School of Medicine in Shreveport. As a representative of LUMS and EBR/COA, I met with Mayor Tom Ed McHugh several times, Attorney General Richard Ieyoub, Senator Jay Dardene, U.S. Representative Richard Baker, Commissioner of Administration Mark Drennen, Director of Economic Development Kevin Reilly, officials of the Department of Health and Hospitals, and numerous others concerning LUMS. I traveled to Mercer School of Medicine in Georgia and met with Dean Skelton for an overview of their start-up history and current operations. In summary, I have been intensely active in LUMS operations for the past several years as mandated to me by my boss, EBR/COA Director Sharon LaFleur. LUMS activities did not require significant routine interaction with other EBR/COA employees.

Concerning my other activities with EBR/COA, I developed an ongoing effort to utilize Council seniors as volunteers for aging research projects with LSU and other organizations. Several research studies have been conducted on-site at the Council and several research papers have resulted. I am co-author on many of these papers. As a result of my efforts, EBR/COA has been instrumental in the education of LSU graduate students interested in aging with studies performed on Council volunteers forming the basis of their graduate thesis. I became an adjunct LSU professor of Kinesiology (Gerontology) to represent EBR/COA in these collaborations. I joined major aging societies including the Gerontologic Society of America, the Southern Gerontologic Society, the South West Society on Aging, and the American Academy of Anti-Aging Medicine. I attended national meetings of these organizations and presented lectures on aging topics as a representative of EBR/COA. I chaired the division of Health & Medicine in the 1997 South West Society on Aging Conference hosted by EBR/COA in Baton Rouge. I traveled to Sanders-Brown Center on Aging at the University of Kentucky to learn how that center had grown from a local council on aging into an internationally recognized aging research facility. I also arranged for Sanders-Brown Director, Dr. Wekstein, to come to Baton Rouge and address us on coordinating aging research and senior volunteers. I frequently updated Ms. Lafleur and other COA staff concerning developments in aging. I also researched numerous specific topics as directed by Ms. LaFleur. These activities did not require significant routine interaction with other EBR/COA employees.

In my 11 months ('99-'00) as Director of Health and In Home Services, I successfully petitioned to remove probationary licensure status for the EBR/COA home health agency with Dora Kane of DHH. I was the direct contact for the financial and operations consultant for the home health agency. I devised and submitted a revised operational plan to improve finances for the home health agency – which was adopted and successfully implemented. I changed data management systems to update agency capabilities. I was able to establish a provider contract with Aetna managed care for the home health agency. I directed the influenza vaccination campaign and worked with local taskforce to address flu vaccine shortage. I expanding the number of health screening site

locations. I met with and corresponded with all representatives of the various agencies regarding licensing and inspection of in-home programs.

Concerning the \$4,000 working agreement, I made a personal decision to not pursue licensure and I made an offer to enter into a re-payment plan. I intend to repay my debts to the Council On Aging, however I have been unemployed since I was terminated by EBR/COA. Concerning vehicles donated to the Council, these vehicles were in states of excessive wear and disuse. COA Director Ms. LaFleur directed that I could drive the vehicles. In repairing these vehicles, I provided labor and \$2000 of personal funds – not reimbursed by the EBR/COA. I drove these vehicles while I was making repairs. All three vehicles were eventually sold, the last to me on a payroll deduction plan. As to insurance coverage, I was informed that insurance coverage had been in place even when these vehicles were broken down and I was given insurance cards. Insurance reimbursement was never discussed with me.

In summary, I was hired to do specific tasks by the Director of the East Baton Rouge Parish Council On Aging and I performed these tasks in good faith to the director's specification and satisfaction.

I have provided documentation which support the facts stated in this response.

Gordon Duvall

State Inspector General
Post Office Box 94095
Baton Rouge, LA 70804-9095
225.343.4262
225.342.6761 FAX

RE: File No. 1-01-0029

Dear Mr. Gordon Duvall,

The "Draft" that I received RE: File Number 1-01-0029, dated April 3, 2001 was fairly accurate. However, it did not note that this association with the Council on Aging was my first experience working with government agencies. I did not, and do not know, nor was I informed about the rules or procedures for bidding on Government jobs. In view of my lack of knowledge the phraseology used in describing my actions with the Council on Aging appear to slant toward my doing something wrong. I would greatly appreciate you re-phrasing your description of my actions.

In working with clients in the private sector, I do what they want as customer satisfaction is my prime concern. They make a request and I perform. I was totally unaware of the specific requirements involved with government contracts. I took all of my direction from management at EBRCOA. All hardware was sold to them at a lower price than could have been purchased from another vendor. To my knowledge there was no conflict of interest, being the Network Administrator and purchasing the equipment for them. I purchase equipment regularly for all of my clients. If there was an issue, EBRCOA management should have been cognizant of the requirements and notified me.

As far as my renting a room from Ms. Lafleur, that needs to be noted that I rented a room and did not just reside at her home. I did not rent from her for the duration of the contract. With reference to my billing, the clerical was billed at \$55.00 per hour, however, it was for ease of billing, in that the total dollar amount was figured at \$10.00 per hour and translated to come out at the same total appearing to be billed at \$55.00 per hour. ($10.00 \times 5.5 = 55.00$).

The invoices that were submitted to EBRCOA were as complete as required by other clients and were never questioned. I performed all of the hours and tasks as requested by EBRCOA. They reached a point where they wanted to track each task, and requested a work order, as I had requested when I originally started the contract. I can always perform my tasks more efficiently with a work order, which was not supplied until the latter part of my term with EBRCOA. The request for more detailed invoices was not my reason for discontinuing my associating with them. The working environment as far as inappropriate language and attitude had deteriorated to such a point that working there was not acceptable to me. Additionally, the many issues that you are investigating now were surfacing at that time were also a concern to me.

Very truly yours,

Steve Hudson