

STATE OF LOUISIANA

OFFICE OF STATE INSPECTOR GENERAL



Know Your Bible Ministries

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File No. 1-07-0019

STATE OF LOUISIANA

OFFICE OF
STATE INSPECTOR GENERAL



Know Your Bible Ministries

Sharon B. Robinson, CPA, CIG, MBA
State Inspector General

A handwritten signature in black ink, appearing to read "K. Blanco", written over a horizontal line.

Approved by:
Governor Kathleen Babineaux Blanco

October 18, 2007

File No. 1-07-0019

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Mr. Charles Sims' Response
 Ms. Bertha Harris' Response
 Ms. Magaline Quarles' Response
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JERRY LUKE LEBLANC
COMMISSIONER OF ADMINISTRATION

October 18, 2007

Honorable Kathleen Babineaux Blanco
Governor of the State of Louisiana
P.O. Box 94004
Baton Rouge, LA 70804-9004

Re: Case No. 1-07-0019

Dear Governor Blanco:

This report addresses concerns raised during an audit of Know Your Bible Ministries d.b.a. Operation Turn Around (KYBM/OTA), a State contractor providing youth-related services in Minden, La. The report includes 10 recommendations that, if implemented, could help improve the contractor's operations.

We provided drafts of the report to the KYBM/OTA Executive Director and the Chairman of the KYBM/OTA Board. In addition, we provided excerpts from the draft report to two KYBM/OTA employees whose actions are addressed in the draft report. Written responses from the four individuals are included as Appendix A.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sharon B. Robinson".

Sharon B. Robinson, CPA, CIG
State Inspector General

SBR/GD/kn
Enclosure

Executive Summary

Audit Initiation

The Office of State Inspector General (OIG) received an allegation that Know Your Bible Ministries (KYBM), a non-profit organization doing business as Operation Turn Around (OTA), has misspent funds received from three contracts at the direction of its Director, Charles E. Sims. A federal agency funds all three contracts with two of the contracts administered by state agencies and the third contract administered by a federal agency.

Our audit focuses on the funds that KYBM/OTA received through state agencies.

Our audit objectives for the two state contracts were to determine the following:

1. If KYBM is a bona fide non-profit organization,
2. If KYBM/OTA is adhering to Louisiana Department of Education (DOE) and Louisiana Department of Social Services (DSS) certain contract provisions, and
3. The validity of the allegations of misspent funds by reviewing all revenues and expenditures of KYBM/OTA.

Summary of Findings

- KYBM may not be a true non-profit corporation due to inactivity of its Board of Directors and the manner in which Mr. Sims exerts complete control over the organization and its finances. (page 5)
- Monthly invoices submitted to DOE and DSS, along with supporting documentation maintained by KYBM/OTA, revealed numerous problems that suggest an intent to invoice for hours of service not provided. (page 11)
- KYBM/OTA has not fully complied with contract provisions that require funds to be properly accounted for and spent according to its budget. (page 27)

Background

KYBM (doing business as OTA) receives approximately \$650,000 per year from three government contracts to operate three different, but similar, youth-related programs. These programs are designed to provide guidance and instruction to youth in the Minden area after school and during the summer months.

Charles E. Sims is the founder of KYBM, which is headquartered at his residence in Minden.

KYBM's Articles of Incorporation were filed January 2004 with the Louisiana Secretary of State. In March 2005, KYBM registered and now operates under the trade name "Operation Turn Around."

KYBM received an exemption from federal income tax in January 2005 under Section (501) (c) (3) of the Internal Revenue Code. The Internal Revenue Service classified KYBM as a public charity and church when granting the exemption. KYBM does not have a sanctuary, and according to Mr. Sims, the organization grew out of weekly prayer meetings held at his residence.

In June 2005, Mr. Sims, on behalf of KYBM/OTA, submitted three proposals to provide community-based youth programs for which contracts were awarded to provide youth services. KYBM/OTA's three contracts are as follows:

KYBM/OTA		
Funding Sources, Periods, and Amounts		
Source	Budget Period	Amount
United States Department of Health and Human Services, Administration For Students and Families, Community Based Abstinence Education Program	8/30/2005 through 8/29/2006*	\$347,844
DOE, Office of School and Community Support, Temporary Aid For Needy Families (TANF), Afterschool for All Program.	9/14/2005 through 8/31/2006	98,000
DSS, Office of Family Support, Teen Pregnancy Prevention program	3/1/2006 through 2/28/2007	209,044
TOTAL		\$654,888
*The contract period began August 30, 2005 and extends through August 29, 2008.		
Source: Prepared by OIG staff using documents obtained from KYBM/OTA, DOE, and DSS.		

Louisiana Department of Education Program

The DOE TANF Afterschool for All program provides after school and summer programs to low-income students in grades kindergarten through 12th grade. DOE restricts applicants to provide services under this program to public entities and private non-profit organizations.

This KYBM/OTA contract was scheduled to begin September 2005 but was delayed at the state level until January 2006. DOE did not extend the contract for the lost four-month period but did allow the total contract amount, \$98,000, to remain the same. DOE paid KYBM/OTA on average \$5 per hour per student, or service hour, (adjustable base rate) provided to program enrollees.

Louisiana Department of Social Services Program

The DSS Teen Pregnancy Prevention program serves students and young adults ages eight through 20 years of age. DSS limited service providers to public entities and private non-profit contractors.

KYBM/OTA's contract was scheduled to begin October 2005 but due to delays at the state level, the contract began March 1, 2006 and was extended to February 28, 2007. DSS paid KYBM/OTA on average \$7 per hour per student, or service hour, (adjustable base rate) provided to program enrollees.

Scope and Methodology

We conducted our audit in accordance with the *Principles and Standards for Offices of Inspectors General* as promulgated by the Association of Inspectors General.

The audit scope included reviewing documentation pertaining to the KYBM/OTA contracts from October 2005 through May 2007. Our procedures consisted of:

1. Interviewing DOE and DSS officials concerning contract requirements and program rules.
2. Reviewing DOE and DSS contracts and requests for proposals and KYBM/OTA program proposals.
3. Interviewing KYBM/OTA board members.
4. Examining KYBM/OTA financial records and supporting documentation.
5. Reviewing KYBM/OTA monthly invoices and supporting documentation.
6. Interviewing current and former KYBM/OTA employees.
7. Reviewing applicable State and federal laws.

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Questionable Non-Profit Corporation

Both DOE and DSS require the contractors who submit proposals to provide community-based programs to low-income students to be either a public entity, such as a school, or a private non-profit organization. Any private non-profit organization that applies to participate must have 501 (C) 3 status. Mr. Sims submitted with both the DOE and DSS proposals a copy of the IRS letter dated April 30, 2005 declaring KYBM exempt from federal income tax.

However, because of the management practices we observed at KYBM/OTA, we question whether this entity meets the necessary requirements. KYBM/OTA may not be a true non-profit corporation due to the inactivity of its Board of Directors and the manner in which Mr. Sims exerts complete control over the organization and its finances.

Our review of KYBM / OTA documents showed the following:

1. It is unclear what Mr. Sims' true role is with KYBM/OTA because Mr. Sims signed documents using three different and significant organization position titles.
2. The KYBM/OTA Board of Directors does not direct activities of the organization as required by State law.
3. Proceeds from the organization's activities may have personally benefited Mr. Sims, which is in violation of federal non-profit organization rules.
4. KYBM/OTA may not qualify as a non-profit organization due to its true membership and organization purposes.

Mr. Sims Shown in Three Different Positions

KYBM/OTA submitted various documents to the state showing Mr. Sims as the Board President, Executive Director, and Superintendent/Program Administrator.

Articles of incorporation submitted to the Secretary of State list Mr. Sims as KYBM/OTA's Founder and President.

KYBM/OTA's unsigned by-laws do not show Mr. Sims in any distinct position. Ms. Harris, Board President, signed a board resolution dated June 23, 2005, which was submitted with both the DSS and DOE proposals. This resolution designates Mr. Sims as KYBM/OTA's Executive Director. The board resolution granted Mr. Sims authority to initiate, negotiate, and sign contracts between the state and KYBM/OTA. Mr. Sims signed both the DSS and DOE contracts on behalf of KYBM/OTA.

We obtained documents from the Secretary of State showing KYBM/OTA submitted an annual report during the month of January each year. Mr. Sims

signed KYBM annual reports to the Secretary of State for calendar years 2005, 2006, and 2007 as President.

Mr. Sims also signed monthly invoices submitted to the DSS and DOE for payment of services as Superintendent/Program Administrator. These invoices were submitted during the same period as the Secretary of State annual reports.

Board Inactivity

The lack of written records and interviews we conducted indicate KYBM/OTA's Board of Directors does not actively manage KYBM/OTA affairs as required by State law. LSA-R.S. 12:224 provides that the affairs of a corporation shall be managed by a Board of Directors of not less than three natural persons." The KYBM/OTA proposal submitted to DSS states the "Board of Directors oversees the budget and financial operating systems."

Mr. Sims has been unable to provide minutes of KYBM/OTA board meetings or other records indicating board participation in the organization's affairs.

Additionally, interviews with board members listed on documents indicate the board exerts no influence on KYBM/OTA operations and have little or no knowledge of the organization's finances. We interviewed KYBM/OTA board members and their comments were as follows:

- *Charles Sims, Founder/President* - According to Mr. Sims, the Board holds meetings at least three times a year primarily for emergency decisions without preparing minutes of the meetings. Board members participating in the emergency meetings could include Ms. Clark, Mrs. Crumb-Sims, and himself. The Board held an official meeting during the past year but is not sure of the meeting's date or if minutes are available. Mr. Sims stated the Board does not make decisions, but supports his decisions and the KYBM/OTA programs.
- *Jimmy Ray Smith, Vice President* – We were unable to locate or find a contact number for Mr. Smith.
- *Patricia Clark, Secretary* - Ms. Clark stated Mr. Sims was President of the Board but stepped down from the position and became the Executive Director when KYBM/OTA received the program contracts. Ms. Clark is a Board member but has not participated in Board activities for the past 18 months.

Ms. Clark stated that Mr. Sims handles all purchases and expenditures of funds. She signs checks at Mr. Sims's request.

KYBM officers listed in the unsigned by-laws were interviewed as follows:

- *Bertha Harris, President* – According to Ms. Harris, she believes she is still the KYBM/OTA Board President. The KYBM/OTA Board has held four or five meetings since its inception, but she does not remember the

discussions. In addition, the Board has not approved an organization check or a financial budget. KYBM/OTA has no official function other than providing services to the students per the contracts.

- *Pamela Crumb-Sims, Secretary* – According to Mrs. Crumb-Sims, she has never attended a Board meeting and has no duties with the Board. She does not know anything about the Board or the meetings and was unaware the by-laws listed her as the Board Secretary.
- *Emmitt Clark, Vice President* – We did not contact Mr. Clark.

KYBM/OTA Proceeds May Directly Benefit Mr. Sims

KYBM/OTA's derives nearly all of its revenues from three government programs. Mr. Sims received both a salary for work performed at each of the three programs and other disbursements of funds totaling approximately \$125,000. Mr. Sims has not provided supporting documentation (i.e., receipts) for the \$125,000. These disbursements are discussed later in this report.

KYBM/OTA's Articles of Incorporation submitted to the Secretary of State include the statement, "No part of the net earnings of the organization shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private person..." In addition, Section 501 (c)(3) of the Internal Revenue Code relating to religious and charitable organizations provides that no part of the net earnings of the organization will inure to the private benefit of any private shareholder or individual.

Mr. Sims signed both the Articles of Incorporation submitted to the Secretary of State and the application for tax exempt status granted under Section 501 (c)(3) of the Internal Revenue Code.

KYBM/OTA's Questionable Non-Profit Status

Ms. Harris, Board President, also Mr. Sims' sister, stated KYBM/OTA has no additional function other than the contracts to provide students services. Thus, KYBM/OTA may not be a "church" as defined in the Internal Revenue Code for several reasons. First, Mr. Sims, along with his family members who are Board members and employees of KYBM/OTA, receive significant salaries from KYBM/OTA proceeds. In addition, both Mr. Sims and Mrs. Crumb-Sims are reportedly members of other churches. Furthermore, KYBM/OTA's primary source of income is the three contracts. These conditions call into question the non-profit status of KYBM/OTA.

The IRS granted KYBM/OTA exempt status as a public charity and church as discussed earlier in this report. Mr. Sims submitted a résumé with the DOE proposal in June 2006 stating social involvements included being a member and minister at Greater St. Paul Baptist Church. In addition, Mrs. Crumb-Sims stated

she is an ordained Christian Methodist Episcopal Church minister preaching at two local churches.

Mr. Sims and family members received compensation from the organization during a 12-month period purportedly for services rendered as documented by KYBM/OTA checks, which is shown in the chart below.

KYBM/OTA Board and Family Members Receiving Compensation				
Name (Relationship to Sims)	DSS Program	DOE Program	Federal Program	Total
Charles Sims	\$17,848	\$11,233	\$29,292	\$58,373
Pam Crumb-Sims (Wife)	\$15,453	\$ 7,630	\$ 3,124	\$26,207
Emmitt Clark (Unknown)	\$ 1,017	-0-	\$ 1,083	\$ 2,100
Patricia Clark (Niece)	\$10,357	\$ 7,477	\$ 8,124	\$25,958
Total Compensation				\$112,638
Source: Prepared by OIG staff using data obtained from KYBM/OTA				

The \$112,638, when combined with the \$125,000 noted earlier, equals \$237,638 or approximately 37% of total KYBM/OTA income for a 12-month period.

KYBM/OTA’s unofficial By-Laws stated officers shall be members of the Board and will not receive a salary or compensation for Board duties; however, officers can receive compensation for organization duties other than those of an officer.

A July 1994 federal court ruling states, “good works and a belief in the Almighty do not by themselves give rise to tax exemption.” A “church” will not be recognized as a religious organization for federal statutory purposes, even though the church and its members may be involved in charitable or “sincerely-motivated” good works, where the following occur:

- A purported church or religious group does not have its own body of worshippers.
- A church’s followers are “borrowed” from other churches.
- The “main believers” of the church are the family members of the church founder and where those family members are the “consistent, direct beneficiaries of the church funds.”

Recommendations:

To continue to be considered for State contracts to provide after school and summer programs, KYBM/OTA Board of Directors and Mr. Sims must:

1. Manage and oversee the organization's affairs as required by its bylaws, and State and federal laws.
2. Prepare and maintain official minutes of its meetings.
3. Seek clarification from IRS of its current non-profit status as a church.

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Questionable Monthly Invoices

Our review of KYBM/OTA's monthly invoices submitted to DOE and DSS, along with available supporting documentation, revealed numerous problems. First and foremost, it appears KYBM/OTA attempted to invoice DOE and be paid for over 8,000 hours of service that were not provided.

Second, for both State programs, we found discrepancies with the student sign-in sheets. Mr. Sims, on behalf of KYBM/OTA, submitted monthly invoices requesting reimbursement from the respective state departments for hours of service rendered for the two program contracts. Both state departments required KYBM/OTA to retain supporting documentation for each invoice, such as student sign-in sheets with original signatures.

Third, we identified participants who may not exist, who may never have attended any programs, or who may be enrolled in more than one program simultaneously. For example, we found 11 KYBM/OTA participants who are not recorded in the Student Information System (SIS) maintained by DOE for Webster and three surrounding parishes. The SIS database records all students attending public and private schools receiving State funds.

Fourth, we identified several service days with an unreasonable and inconsistent number of hours billed. For example, KYBM/OTA billed service hours for field trips that were attended by students from two different programs, but the programs were billed for a different number of hours.

Department of Education Invoices

We reviewed KYBM/OTA invoices submitted to DOE for the period of September 2005 through December 2006 seeking payment for approximately 31,200 hours of service. The review uncovered problems including:

1. Invoices submitted for four months, September through December 2005, when KYBM/OTA's program did not exist.
2. Students reported by KYBM/OTA on DOE invoices are shown simultaneously attending another DOE-funded program.
3. Students shown "present" on invoices without signatures on corresponding sign-in sheets.
4. Undocumented hours of daily student attendance ranging from 6 to 20 service hours invoiced for the week of April 11 – 15, 2006.

At the contract's inception, KYBM/OTA did not have a facility to house its program; therefore, KYBM/OTA entered into an oral rental agreement with Greater St. Paul Baptist Church in Minden for facilities and equipment needed for its DOE program. Mr. Sims stated the agreement between KYBM/OTA and

Greater St. Paul included monthly rent for facilities and the hiring of approximately six church members to staff KYBM/OTA's program. Greater St. Paul also contracted with DOE and operated a community-based tutoring program in its facility for students K-12.

KYBM/OTA no longer rents facilities from Greater St. Paul. In October 2006, KYBM/OTA moved its program to another facility located across the street from Greater St. Paul.

KYBM/OTA Submitted Invoices to DOE When No Program Existed

KYBM/OTA submitted monthly invoices to DOE recording student attendance for the months September 2005 through December 2005 when KYBM/OTA's program did not yet exist. The four months of invoices recorded 8,005 hours of service provided, which was valued at over \$24,000. DOE staff questioned and rejected the four invoices because the payment request lacked original student signatures and sign-in and sign-out times; therefore, KYBM/OTA did not receive payment.

Mr. Sims stated DOE representatives told contractors if programs provide service to students prior to January 2006 the contractor could submit monthly invoices requesting payment. Mr. Sims stated he did not submit the September through December 2005 invoices to DOE. He said he had not seen these invoices until shown copies by this office.

Mr. Sims stated KYBM/OTA did not have employees for the DOE program in 2005 and did not have students attending the program until January 2006, the official start date for KYBM/OTA's program. Mr. Sims noted the invoices were signed by his former Program Director, Magaline Quarles, and he could not provide an explanation why the invoices were submitted.

Our review of the four rejected DOE invoices showed a near 100% daily attendance rate for the first three months. The month of December 2005 showed 100% daily attendance. In addition, we noted the following:

- The October 2005 invoice recorded two 13-hour days, both being Saturdays. Both 13-hour days recorded a 100% attendance rate.
- The December 2005 invoice recorded two 11-hour days, both being Saturdays.

During an interview, Magaline Quarles stated Greater St. Paul's DOE program, in September 2005, had enrolled more students than required by its contract. The numbers of students exceeding DOE's required attendance for Greater St. Paul's program were moved to the KYBM/OTA program. In addition, Mr. Sims would recruit additional students for the KYBM/OTA program.

Ms. Quarles stated employees working for Greater St. Paul's program provided instruction for students in both programs as KYBM/OTA did not have employees at that time. Ms. Quarles further stated she signed the four invoices but did not handle sign-in sheets or prepare the four invoices. Ms. Quarles would not

comment as to the invoices' origin or instructions, if any, received from Mr. Sims. Ms. Quarles stated she is thankful DOE did not pay the invoices.

A former KYBM/OTA employee stated she prepared the September 2005 through December 2005 invoices at the instruction of Mr. Sims. She stated that as an KYBM/OTA employee she was responsible for entering the students' names and attendance hours in DOE's reporting system. This reporting system generates the monthly invoice.

The former employee stated she began preparing monthly invoices after attending DOE training in late January 2006. Mr. Sims gave her a form with students' names checked "present" to use as supporting documentation for the September through December 2005 invoices.

This office has been unable to determine the KYBM/OTA official responsible for submitting the invoices to DOE for payment. Preparing and submitting the invoices for services not rendered, with the expectation of receiving payment, may constitute filing a false public record, as well as attempted theft¹.

Overlapping Attendance Between the Greater St. Paul and KYBM/OTA Programs

Both KYBM/OTA and Greater St. Paul reported to DOE the same students attending class in their respective programs on the same days for the months of September 2005 through March 2006 and June 2006. As a result, one of these entities was paid for services not rendered.

KYBM/OTA generally reported program attendance for 2.5 hours per day from 3:30 p.m. to 6:00 p.m. while Greater St. Paul reported two hours of service per day. Greater St. Paul's program did not record times of attendance on the monthly attendance report, only total hours. A Greater St. Paul Board member stated the church's program typically operates during school months from 4 p.m. to 6 p.m. Greater St. Paul received a fixed program amount, \$15,456, while KYBM/OTA invoiced \$5 for each hour of student service provided.

As discussed earlier, both programs were held in the same facility for KYBM/OTA's first eight months of operation. Both programs involved tutoring and youth development instruction. Ms. Quarles served as Program Administrator for both programs and signed both the KYBM/OTA monthly invoices and the Greater St. Paul attendance reports submitted to DOE during the period of September 2005 through February 2006. Mr. Sims signed the KYBM/OTA invoices for the months of March 2006 and June 2006.

Both programs listed Ms. Quarles and two other individuals as program employees.

¹ LSA-R.S. 14:133 defines the filing or maintaining of false public records as any record that is forged, wrongfully altered or containing a false statement or false representation of a material fact. Preparing the monthly invoices and submitting them for payment could violate LSA-R.S. 14:67 regarding theft and attempted theft of anything of value.

A comparison of reports submitted to DOE by Greater St. Paul and KYBM/OTA revealed numerous duplications of students' names and overlapping attendance, as outlined in the following table.

Comparison of Attendance Records Reported to DOE by Greater St. Paul and KYBM/OTA					
Date	Greater St. Paul Attendance	KYBM/OTA Attendance	No. of Students Reported in Common	No. of Overlapping Hours Reported	KYBM/OTA Dollar Amount Claimed for Overlapping Hours @ \$5/Hour
September 2005	46	40	23	318	\$1,590
October 2005	46	40	23	516	\$2,580
November 2005	46	40	23	208	\$1,040
December 2005	37	40	24	292	\$1,460
January 2006	37	40	23	446	\$2,230
February 2006	37	48	28	452	\$2,260
March 2006	37	45	19	300	\$1,500
June 2006	58	63	18	805	\$4,025
Grand Total Billed by KYBM/OTA for Overlapping Students					\$16,685*
* KYBM/OTA received \$10,015 of the total \$16,685 billed due to DOE rejecting the months of September through December 2005.					
Source: Prepared by OIG staff using data obtained from KYBM/OTA and DOE.					

Although KYBM/OTA did not receive payment for the four 2005 invoices, the duplication of students remained the same continuing into calendar year 2006 in which KYBM/OTA did receive payment amounting to \$10,015.

Filing a false public record, such as listing students not being served by the program, could violate LSA-RS 14:133 (False Public Records). While receiving payment for services not rendered could potentially violate LSA-RS 14:67 (Theft).

We were unable to determine to which program the students should be properly billed. Given the frequency and number of students' names duplicated in the reports, either the Greater St. Paul program did not meet DOE program attendance requirements or KYBM/OTA has billed hours of service for students attending another program.

Monthly Invoice Hours Often Do Not Match Sign-in Sheet Hours

Our comparison of information on KYBM/OTA's student sign-in sheets to information on the invoices submitted to DOE for five months during calendar year 2006 revealed problems that bring into question the accuracy of all invoices submitted for payment. Problems found in the review include the following:

- Students shown as “present” on the monthly invoice but no signature on the daily sign-in sheet.
- Students shown “absent” on the monthly invoice with a signature on the daily sign-in sheet.
- Students marked “present” on the monthly invoice but marked “absent” on the daily sign-in sheet.
- Times of attendance (beginning and ending times) entered by students and recorded on the sign-in sheets do not match hours of service recorded on the monthly invoice.

Of the five months selected for review, the months of February 2006 and November 2006 were found to contain the most problems. Problems found on the two months’ invoices were similar.

KYBM/OTA’s February 2006 invoice billed for service provided to 48 students, most of whom attended the program 16 days for a total of 2,095 service hours. In accordance with the DOE formula, KYBM/OTA received \$8,916 from DOE.

Of the 16 days of service reported on the February 2006 invoice, problems were found on 13 days (81%). For example, student sign-in sheet signatures, which DOE requires to prove attendance and support payments, were not found for 453 of the 2,095 service hours recorded on the monthly invoice, or approximately 21% of the time. DOE has declined to pay KYBM/OTA invoices in the past for lack of appropriate student signatures. Hours of service recorded on the February monthly invoice compared to times of attendance recorded on the sign-in sheet did not match for the following days:

Comparison of KYBM/OTA’s February 2006 Invoice to Corresponding Student Sign-In Sheets				
Day	Date	Hours on invoice	Class Time Shown on Sign-in Sheet	Attendance Time Students Entered
Saturday	2/4/2006	6	6 (12 PM to 6 PM)	2.5 (3:30 PM to 6 PM)
Saturday	2/11/2006	5	5 (8 AM to 1 PM)	2.5 (3:30 PM to 6 PM)
Saturday	2/18/2006	9	9 * (9 AM to 6 PM)	2.5 (3:30 PM to 6 PM)
Friday	2/24/2006	4	5 (3:30 PM to 8:30 PM)	2.5 (3:30 PM to 6 PM)**
<p>* The sign-in sheet indicates a trip to Sci-Port. A Sci-Port representative stated they do not show a scheduled visit for OTA until March 2006.</p> <p>** One student reported attendance from 5 PM to 9PM</p>				
<p>Source: Prepared by OIG staff using data gathered from DOE and KYBM/OTA.</p>				

According to Mr. Sims, in the program’s early days there were problems with obtaining students signatures and properly recording times of arrival and

departure. Mr. Sims stated he discussed these problems with staff members and corrective action was taken.

According to a former KYBM/OTA employee responsible for entering attendance into the DOE reporting system, she would not enter a student attending the program without a signature on the sign-in sheet and times of attendance in agreement. Mr. Sims instructed her on several occasions to print new sign-in sheets due to the original sheets being either lost or destroyed. Other than duplicate sign-in sheets, she has no explanation for students shown present on the invoice without a signature on the sign-in sheet.

Undocumented Hours of Service Recorded for the Week of April 11-15, 2006

Mr. Sims invoiced DOE for 1,854 hours of service during the week of April 11–15, 2006, accounting for 62% of total hours invoiced for the month. DOE paid KYBM/OTA \$9,270 for this week and a total of \$14,404 for the month.

After reviewing document and conducting interviews with current employees, former employees and local businesses the information gathered does not support many of the hours of service and numbers of participants invoiced for this week. Additionally, Mr. Sims’ statement that KYBM/OTA does not maintain a record of field trips and participants does not comply with the contract requirement to provide supporting documentation for hours invoiced.

Hours of Service Billed DOE by KYBM/OTA			
for the Week April 11 – 15, 2006			
Date	Hours Billed	No. of Students	Dollar Amount
April 11 (Tuesday)	12	30	\$1,800
April 12 (Wednesday)	10	32	\$1,600
April 13 (Thursday)	10	33	\$1,650
April 14 (Good Friday)	20	32	\$3,200
April 15 (Saturday)	6	34	\$1,020
Total Billed for the Week			\$9,270
Source: Prepared by OIG staff using data obtained from DOE and KYBM/OTA.			

According to Mr. Sims, the hours of service for this week were associated with field trips. He stated the students were out of school for Spring Break, the week preceding the Easter holiday. KYBM/OTA does not keep a record of field trips taken or students participating on the trips. Also, field trips include students from all three programs.

Our review showed hours of service invoiced to both DOE and DSS for this week. The attendance report for the federal program showed no activity for this

entire week with the notation, "Spring Break." However, KYBM/OTA paid for some activities for this week from this program's funds.

Mr. Sims explained the long hours of service included daily trips to Lake Bistineau State Park in Doyline, Louisiana, and a fun day held in the local park. He said the group rented a cabin but did not stay overnight at the State park. He said they traveled back and forth each day from approximately 6 a.m. to 11 p.m., including the 20-hour day recorded on Friday, April 14, 2006.

However, a Lake Bistineau State Park official stated that neither Mr. Sims nor KYBM/OTA rented a cabin at the park in April 2006. The park official stated park records indicated that KYBM/OTA rented a cabin for the period June 20-23, 2006.

Current and former employees, including Mrs. Crumb-Sims, stated they remember several trips including Party Central, Sci-Port, and a Saturday function held in the local park during the week of April 11-15, 2006. We contacted these organizations to verify field trips taken during the week. We were able to identify trips taken as follows:

- **April 11, 2006** – According to a representative from the Sci-Port Discovery Center in Shreveport, KYBM/OTA did schedule a trip to the facility on April 11, 2006. The representative stated Sci-Port's hours of operation during April 2006 were 9 a.m. to 5 p.m. A memo in the Sci-Port computer system indicated a 10:00 a.m. estimated time of arrival for the KYBM/OTA group.

A check written from KYBM/OTA's Federal Abstinence Program's account payable to Sci-Port dated April 11, 2006 for \$131 confirmed the information provided by the center's representative. According to Sci-Port's representative, \$131 admits 20 people. However, Mr. Sims invoiced DOE for this day for 30 students at 12 service hours each and DSS for 43 students at nine service hours each, a total of 73 students, which is 53 more than the admission payment would cover.

- **April 12, 2006** – According to a representative from Party Central, a group from KYBM/OTA did attend their facility on April 12, 2006. Party Central is located in Bossier City and lists activities such as arcades, miniature golf, and go-karts. Party Central's hours of operation were from 10 a.m. to 8 p.m.

KYBM/OTA paid \$686, which admitted 40 individuals. However, Mr. Sims invoiced DOE for 32 students at 10 service hours each, and DSS for 43 students at eight service hours each, for a total of 75 students, which is 35 more than the admission payment would cover.

Student sign-in sheets indicate participation from 9 a.m. to 7 p.m. Two former employees who stated they attended the trip to Party Central remember the group returning home at approximately 3 p.m.

- **April 13, 2006** – We were unable to confirm a field trip on this day. KYBM/OTA invoiced DOE for 33 students at 10 hours of service each and DSS for 43 students at four hours of service each.
- **April 14, 2006 (Good Friday)** – We were unable to confirm a field trip on this day. KYBM/OTA invoiced DOE for 32 students at 20 hours of service each and DSS for 43 students at 10 hours of service each. DOE student sign-in sheets for this day generally recorded attendance from 12:00 a.m. (midnight) to 8:00 p.m., which agreed with the printed times on the sign-in sheet and a 20-hour day.

None of the interviewees, including Mr. Sims stated a field trip started at 12:00 a.m. (midnight), and continued to 8:00 p.m. Mrs. Crumb-Sims stated the 20 hours of service recorded on April 14, 2006 is most likely an error. Two former employees stated they have relatives attending the DOE program and are sure these students did not attend a 20-hour field trip.

- **April 15, 2006** – Mr. Sims along with current and former employees stated KYBM/OTA held a fun day in the local park for the students. We reviewed purchases made by KYBM/OTA prior to April 15, 2006 and found the items purchased were consistent with a picnic-type outing. The interviewees were unable to give exact times of attendance at the fun day activity. KYBM/OTA billed DOE for 34 students at six hours of service each and DSS for 42 students at eight hours of service each.

Department of Social Services – Invoices

We reviewed KYBM/OTA invoices submitted to DSS for the 12-month period March 2006 through February 2007 for 30,904 hours of service; resulting in payments of \$209,038. The review revealed the following numerous problems:

1. Invoices submitted for reimbursement may have recorded an inflated number of participants
2. Questionable student attendance
3. Students shown present on the invoice without a signature on the sign-in sheet
4. Students reported attending two programs simultaneously
5. Undocumented hours of service recorded on specific days

KYBM/OTA houses its DSS Teen Pregnancy Prevention program in the same building as its federal Community-Based Abstinence Education program. Days and hours of operation for the two programs often overlapped. The federal abstinence program enrolled approximately 20 students.

Inflated Attendance Numbers

On average, KYBM/OTA reported daily participant attendance at its DSS teen pregnancy prevention program ranging from 37 to 43 for March, April, and May 2006. For these months, KYBM/OTA received \$62,780. However, our interviews with current and former KYBM/OTA staff, along with our on-site observations, indicate that these attendance numbers may be inflated.

Current and former employees acknowledged in interviews that the number of participants reported for the months of March, April, and May 2006 exceeded actual attendance. Also, former employees, including an KYBM/OTA instructor, stated program attendance began slowly with only a few participants in March 2006. The number of participants increased each month with May 2006 having 15 to 20 students attending daily, approximately one-half the number of students invoiced for that month.

During interviews, former employees told us combined attendance for both the DSS and federal abstinence programs never exceeded 40 students on a daily basis in the shared facility throughout their employment extending into the later months of 2006. In addition, two current employees stated DSS program attendance for March through May 2006 was approximately 15 to 25 participants per day. Neither employee could explain why KYBM/OTA invoiced DSS for 35 to 40 daily participants.

KYBM/OTA supplied us with student sign-in sheets for the three months in question, which showed signatures for the majority of reported participants. However, we question the validity of the sign-in sheets, which will be discussed later in this report.

We observed student counts at the KYBM/OTA facility on three different days: February 6, 26, and 27, 2007. Our observed head counts compared to the head count on the February 2007 invoice is as follows:

<u>Date</u>	<u>OIG Count</u>	<u>DSS Invoice Count</u>
February 6	22	32
February 26	20	30
February 27	22	29

On May 1, 2007, we discussed the differences between the February 2007 invoice and the sign-in sheet obtained on February 6, 2007 with Mr. Sims. He stated KYBM/OTA would not intentionally invoice for more students than were present with the OIG's representatives in the room. He also said the difference was due to students leaving the program early, before signing the sign-in sheet.

We explained to Mr. Sims the head count began when students arrived at the facility and continued until the instructor called roll from the sign-in sheet at the

end of the program with no change in the number of participants. Mr. Sims offered no further explanation.

Later, we compared sign-in sheets maintained by KYBM/OTA to the monthly invoice submitted for February 2007 for the days OIG visited the facility. OIG compared the documents during an onsite visit in March 2007 with the following results:

- **February 6, 2007:** sign-in sheets now show 29 student signatures, an increase of seven signatures over the sign-in sheet we confirmed the night of the class. KYBM/OTA's student sign-in sheet was now only missing three signatures from the invoiced 32 students.
- **February 26, 2007:** sign-in sheets now show 28 student signatures, an increase of eight students from the physical head count we took on the night of the class. KYBM/OTA's student sign-in sheet was now only missing two signatures from the invoiced 30 students.
- **February 27, 2007:** sign-in sheets showed 22 student signatures, which agreed with the physical head count we took on the night of the class. KYBM/OTA was still missing seven student signatures from the invoiced total of 29 students.

During our May 1 visit, we counted 23 students present. We later obtained the sign-in sheet for May 1 and found that it recorded 23 students present. Also, KYBM/OTA invoiced DSS for 23 students on May 1. Attendance numbers we took on selected days during February through May 2007 show an average of 23 students in the DSS program and seven students per day in the Federal Abstinence Program. These numbers are far less than the number of students that KYBM/OTA reported on its DSS monthly invoices, which averaged 35 or more students per day.

Students Billed For, But May Not Have Participated

KYBM/OTA has reported on its DSS monthly invoices at least three students that may have not actually participated in the program according to information obtained during interviews and document reviews. KYBM/OTA invoiced approximately 1,700 hours of service for these three students, generating nearly \$12,000 between March 2006 and March 2007. If these billings are indeed false, OTA may have violated State statutes regarding filing false public records and theft.

Two of the three students are teenage sons of an KYBM/OTA instructor. They are shown attending the DSS program for the six-month period March 2006 through August 2006; each student invoiced for approximately 480 hours of service generating approximately \$6,700. In addition, KYBM/OTA billed DSS for 189 hours of service for one of the boys between November 2006 and March 2007, generating an additional \$1,327.

The KYBM/OTA instructor stated both of her sons attended the program every day they are listed on the invoice. She further stated one son played high school

athletics and may not have attended each class for the full 2.5 hours. However, several current and former KYBM/OTA employees stated the boys never participated in any KYBM/OTA program. Mrs. Crumb-Sims stated she has never seen one of the boys while the other boy has visited the KYBM/OTA facility with his mother on several occasions.

For the third student, KYBM/OTA billed DSS for 552 hours of service (amounting to \$3,864) while at the same time paying her to perform duties as a student aide from March through October 2006. During this same period, KYBM/OTA paid the student aide wages totaling \$2,688 from the Federal Abstinence Program.

Based on documents reviewed and interviews conducted, the student aide would not have been able to attend the DSS program as a participant and simultaneously work as a student aide. Furthermore, the student aide's employee sign-in sheets showed she generally worked from 3:30 p.m. to 7:30 p.m. during school months and 10:00 a.m. to 2:00 p.m. during summer months. These work hour's conflict with normal program hours.

Mr. Sims stated the student aide was able to work for the Federal Abstinence Program and participate in the DSS program due to her job duties. He said the student aide helped obtain student signatures on the sign-in sheet before class and assisted the maintenance man with cleaning the building after class.

The former KYBM/OTA student aide stated after she graduated from the Federal Abstinence Program, Mr. Sims hired her to assist the program's instructors. She further stated she did not participate in the DSS program as a student. The student aide stated she did help the maintenance man straighten the chairs after class but this was not a part of the job. She further stated Mrs. Crumb-Sims and instructors handled student sign-in sheets. She stated her duties included working with the students and assisting the instructors.

Questionable Student Sign-In Sheets

Our review of six DSS monthly invoices from March 2006 through February 2007 showed KYBM/OTA was paid \$7,703 for 1,100 hours of service, at \$7 per hour per student, without a student's signature on the corresponding sign-in sheet. In addition, student sign-in sheets appear manipulated for the first three months of program operation, March 2006 through May 2006. The table below details our findings.

Comparison of KYBM/OTA's Student Sign-In Sheets to the DSS Monthly Invoices				
Date	Hours Billed Without a Signature	No. of Occurrences	No. of Students	Amount Paid
March 2006	42.5	17	6	\$ 297.50
April 2006 *	394.5	83	11	2,761.50
May 2006 **	446.0	117	15	3,122.00
August 2006 ***	69.0	13	1	483.00
November 2006	41.0	8	2	287.00
February 2007 ****	107.5	38	12	752.50
Total Paid for Students Without a Signature				\$ 7,703.50
* Four students account for 62 of 83 occurrences and \$2,107 ** Five students account for 103 of 117 occurrences and \$2,831 *** One student, the KYBM/OTA instructor's son, accounted for all 13 occurrences and \$483 **** Two students account for 24 of the 38 occurrences and \$493.50				
Source: Prepared by OIG staff using data obtained from DSS and KYBM/OTA.				

When KYBM/OTA began the program in March 2006, it used student sign-in sheets without the student name preprinted on the form or numbered lines. Without the aid of an assigned line or number on the sign-in sheet, students routinely signed on approximately the same line each class day. While most students used a black ink pen to sign the sheet, usually the same students used a blue pen to sign daily. This pattern repeated each day throughout the month. KYBM/OTA began using sign-in sheets with preprinted names in June 2006.

When questioned in separate interviews about the patterns, Mr. Sims could not explain the pattern of student signatures on the three months of student sign-in sheets. However, Mrs. Crumb-Sims stated there were several occasions when she asked students to sign multiple sign-in sheets. She further stated students only signed multiple sheets on a couple of days. Current instructors told us the pattern of signatures was due to KYBM/OTA assigning students a seat at the table. These employees stated they passed the sign-in sheet around the table, therefore, students signed in approximately the same order, often using a particular ink pen.

Dual Program Enrollment

KYBM/OTA invoiced DSS and was paid approximately \$22,500 for students shown enrolled and participating in both the DSS Teen Pregnancy Prevention and Federal Abstinence Programs during the same months. We are unsure which program these students participated in for the months duplicated. However, either the Federal Abstinence Program attendance was overstated or KYBM/OTA invoiced the DSS program for services not rendered.

KYBM/OTA held both programs in the same building with overlapping days and hours of service. KYBM/OTA filed an attendance report with the Federal Abstinence Program showing students' names and dates of service. KYBM/OTA also invoiced DSS showing students' names, dates, and hours of service. To receive payment from DSS for services rendered, KYBM/OTA was required to maintain an accurate accounting system that records participants and hours of service.

Our review of program participants for the period March through December 2006 revealed students reported in both programs as follows:

Comparison of Federal Abstinence and DSS Program Participants			
Month	No. Listed in Both Programs	DSS Hours of Service Invoiced	Amount Paid by DSS
July 2006	13	1,245.0	\$ 8,715.00
August 2006	12	828.0	5,796.00
September 2006	9	351.0	2,457.00
October 2006	8	333.0	2,331.00
November 2006	11	425.5	2,978.50
December 2006	1	32.6	228.20
Total		3,215.1	\$22,505.70
Source: Prepared by OIG staff using data obtained from DSS and KYBM/OTA.			

Mr. Sims stated the Federal Abstinence Program pays KYBM/OTA approximately \$350,000 per year to hold six two-month training sessions with 20 participants per session. Mr. Sims stated KYBM/OTA staff mistakenly recorded students in two programs during the early months of the DSS program. He said KYBM/OTA found these mistakes and he instructed employees to remedy the problem. Mr. Sims further stated the primary cause of listing students in both programs was due to KYBM/OTA enrolling students in the DSS program after they graduated from the two-month long Federal Abstinence Program.

KYBM/OTA reported an average attendance in the Federal Abstinence Program of approximately 16 students per month during the six-month period. If Mr. Sims' explanation for dual enrollment of students is valid, then the federal program averaged approximately seven students per month during the six-month period.

Undocumented Hours of Service Recorded for June 21-23, 2006

During a three-day period, June 21-23, 2006, KYBM/OTA billed DSS for 2,548 hours of service, totaling \$17,836, which lacks sufficient supporting documentation as shown in the table below.

Undocumented Hours of Service Invoiced DSS				
Date of Service	Number of Participants	Hours of Service	Total Hours Billed	Total Amount Invoiced
June 21, 2006	49	17	833	\$5,831
June 22, 2006	49	17	833	\$5,831
June 23, 2006	49	18	882	\$6,174
Total			2,548	\$17,836
Source: Prepared by OIG staff using data obtained for DSS.				

According to Mr. Sims, these service hours are in accordance with the calendar of operations submitted with his proposal to DSS. The calendar should show an overnight trip, which DSS officials later told contractors they would no longer allow. Mr. Sims further stated that a DSS program monitor told him that contractors should “improvise” when recovering hours of service reported on calendars as overnight trips. Mr. Sims stated these hours of service were for a field trip and invoiced correctly. However, he stated he did not remember the field trip’s destination.

According to DSS officials, they approved overnight trips on contractors’ calendars submitted with their proposals. However, DSS later disallowed overnight trips. The DSS contract monitor for KYBM/OTA did not remember telling Mr. Sims to “improvise” when recovering hours of service listed as overnight travel on the calendar. She stated that contractors should only invoice for actual hours of service provided.

We reviewed student sign-in sheets for the three days questioned and found the following times of attendance:

KYBM/OTA Student Sign-In Sheets for June 21-23, 2006	
Date of Service	Time of Attendance
June 21, 2006	7:30 a.m. to 12:00 a.m. (midnight)
June 22, 2006	7:30 a.m. to 12:00 a.m. (midnight)
June 23, 2006	12:00 a.m. (midnight) to 6:00 p.m.
Source: Prepared by OIG staff using data obtained from KYBM/OTA.	

The above table shows sign-in sheets recording an overnight stay with 34.5 continuous service hours beginning 7:30 a.m. on June 22, 2006 and ending 6:00 p.m. on June 23, 2006. KYBM/OTA recorded this overnight trip despite Mr. Sims’ statement that DSS would no longer allow these trips.

Mrs. Crumb-Sims stated she prepared the monthly invoice for June 2006 and recorded hours of service as instructed by Mr. Sims. She further stated KYBM/OTA took the students on a field trip to Lake Bisteneau. She acknowledged hours of service recorded on the invoice are not correct. She said the field trip was during daylight hours. We contacted a representative of the Department of Culture, Recreation, and Tourism (DCRT), the State agency

responsible for operation of Lake Bistineau State Park. DCRT records showed Mr. Sims rented a single cabin for the June 2006 dates in question. DCRT officials said the cabin Mr. Sims rented sleeps six to eight individuals.

Also, one KYBM/OTA instructor stated her child participated in the DSS program and attended several field trips including those in June 2006. However, she stated her child did not participate in field trips lasting 17 and 18 hours per day.

Recommendations:

4. KYBM/OTA should ensure that monthly invoices submitted to the two state agencies reflect the actual program participants and number of direct service hours provided.
5. KYBM/OTA should ensure that student sign-in sheets accurately reflect program participants and actual times of attendance.
6. KYBM/OTA should accurately record field trip destinations, participants, and times of attendance.

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KYBM/OTA Financial Transactions

Our review of KYBM/OTA financial transactions and state contract requirements indicated KYBM/OTA has not complied with contract provisions. Our review of KYBM/OTA's expenditures from its three program bank accounts revealed the following problems:

1. KYBM/OTA improperly accounted for program revenues and expenditures.
2. KYBM/OTA disbursed funds without supporting documentation totaling approximately \$125,000. KYBM/OTA has not provided assurance it expended the funds on program-related expenditures.
3. Certain employees received pay from multiple programs for the same hours of work.
4. An KYBM/OTA employee received pay for duties she did not perform.

The DSS contract required the contractor to maintain books, records, documents and other evidence of cost in accordance with generally accepted accounting procedures and practices. The records must be sufficient to reflect properly all direct and indirect costs incurred. The contract further stated that contractors shall establish independent accounting for the receipt and disbursement of monies derived from this contract.

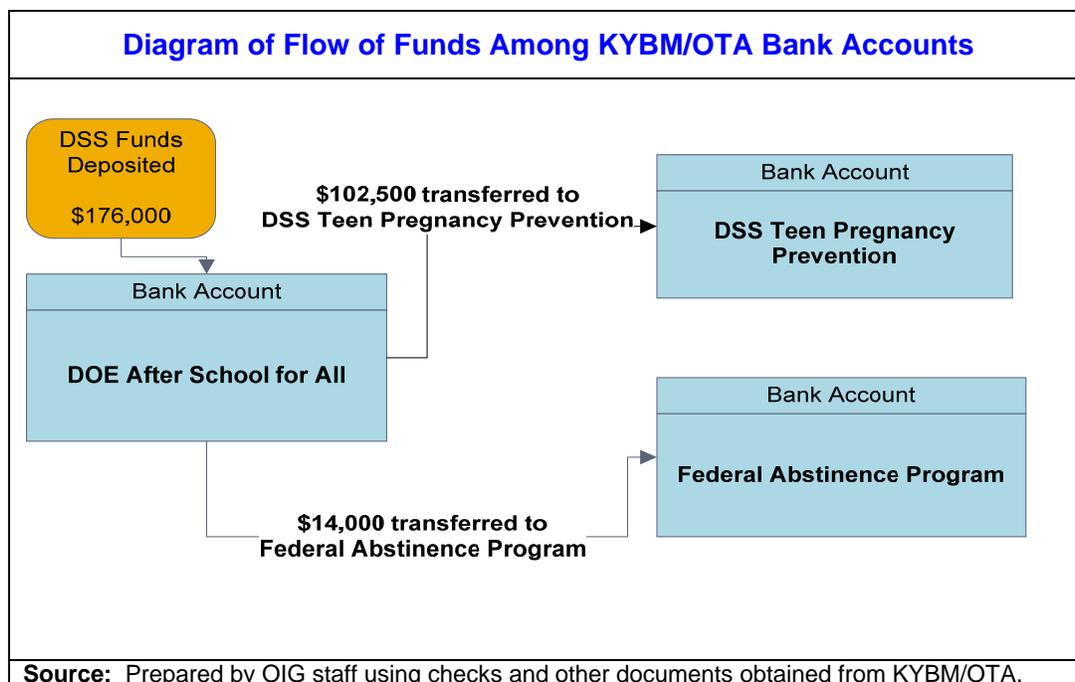
The DOE contract stated funds shall not be used to supplant funds in existing programs and shall not pay for staff time and related services not directly related to this contract. The contract further stated funds derived from this contract shall be used only for the designated purposes of the contract.

According to Mr. Sims, the federal abstinence program paid KYBM/OTA on a cost reimbursement basis, while DOE and DSS paid KYBM/OTA on a fee-for-service basis. We were unable to obtain official contract documents for the federal abstinence program. Based on Mr. Sims' statement, the federal abstinence program may have reimbursed KYBM/OTA for expenditures not incurred by that program.

Improper Accounting for Contract Revenues and Expenditures

KYBM/OTA commingled revenues and expenditures among its three programs, which violates related contract provisions. Both state agencies' requests for proposals required a detailed budget identifying expenditures of program income. At the direction of Mr. Sims, KYBM/OTA staff paid expenditures incurred for multiple programs from one program's funds without allocating costs to the appropriate programs. We reviewed revenues and expenditures from all three programs.

Revenues. KYBM/OTA receives funds from both state programs via electronic deposits—directly into its DOE program bank account. To pay expenses for the DSS program, KYBM/OTA writes checks from the DOE account and manually deposits the funds in the DSS account. Between March 2006 and December 2006, DSS paid KYBM/OTA approximately \$176,000 for hours of service reported on its monthly invoices. During this same period, KYBM/OTA transferred approximately \$102,500 to the DSS program account, leaving approximately \$73,500 of DSS program funds in the DOE checking account. KYBM/OTA also transferred approximately \$14,000 in several different transactions from the DOE checking account to the Federal Abstinence Program checking account between January 2006 and December 2006. The diagram below illustrates the process.



Expenditures. KYBM/OTA often paid expenses that should apply to all programs from the federal abstinence account without allocating the cost proportionately to each affected program. Shared expenses included, for example, building rent for the DSS program, field trips, and van leases for all programs.

Mr. Sims acknowledged KYBM/OTA combined students and expenditures from all three programs. Mr. Sims further acknowledged KYBM/OTA paid expenses with either cash or a check taken from one of the three program accounts without allocating expenditures to each program. For example, the Federal Abstinence Program paid building rent for the DSS program, which KYBM/OTA housed in the same building.

Disbursements Without Supporting Documentation

KYBM/OTA could not provide supporting documentation showing program-related expenses for approximately \$125,000 of funds disbursed from its program funds. Mr. Sims directed the issuance of checks payable to KYBM, OTA, cash, or Charles Sims totaling \$292,238 and one debit memorandum for \$7,188. Checks payable to Charles Sims were in addition to his regular payroll checks. The \$7,188 debit memorandum listed on the bank statement did not indicate its purpose.

Both the DSS and DOE requests for proposals state funds for their contracts were federal TANF funds and were restricted in their use. Both requests for proposals required a detailed budget indicating how the contractor would spend the funds.

Mr. Sims stated he made numerous purchases using personal funds for the three programs. He stated checks payable to OTA, KYBM, cash, or himself were reimbursements for his purchases of materials and supplies used in program operations.

We reviewed the receipts for cash purchases that Mr. Sims supplied to support the debit memorandum, and checks payable to KYBM, OTA, cash, and Charles Sims. Mr. Sims provided original receipts for the Federal Abstinence Program, while receipts for the DOE and DSS programs were photocopies

We did not question any receipts related to program operations. However, we did question receipts found to be duplicates, illegible, or showing payment was made by check.

According to KYBM/OTA accounting staff, Mr. Sims directed them to issue checks payable to OTA, KYBM, cash, or Charles Sims. They stated Mr. Sims did not explain the checks' purposes and with the exception of a few cash receipts, he did not supply supporting documentation. The employees further stated they have not reconciled the receipts to the checks and have not questioned Mr. Sims about the lack of supporting documentation.

Mr. Sims stated the two state programs paid KYBM/OTA on a fee for service basis. He said funds received belonged to KYBM/OTA and KYBM/OTA could spend the funds at its discretion.

The table on the following page shows disbursements from each of the three program bank accounts for the \$299,426 and the disposition of the funds as determined by this office:

Withdrawals Payable to OTA, KYBM, cash, and Charles Sims				
Program	Withdrawals Payable to KYBM, OTA, Cash or Charles Sims	Transfers to Another OTA Acct.	Cash Purchases Supported by Allowable Receipts	Total Unaccounted For
DOE	\$ 205,251	(DSS) \$102,706 (Federal) \$ 13,815	\$ 8,594	\$80,136
DSS	\$ 32,200	-0-	\$ 4,004	\$28,196
Federal Abstinence	\$ 61,975*	-0-	\$15,383 **\$30,000	\$16,592
Totals	\$299,426	116,521	57,981	\$124,924
<p>*Includes the \$7,188 debit memorandum.</p> <p>**A proposed budget document supplied by Mr. Sims for the Federal Abstinence Program listed allowable van expenditures of \$30,000. Mr. Sims supplied two six-month, \$15,000 rental agreements between KYBM and its trade name, OTA, as support for two \$15,000 checks payable to KYBM. We do not have contract terms and provisions for the Federal Abstinence Program. Therefore, we cannot determine if these transactions were allowable.</p> <p>Source: Prepared by OIG staff using data gathered from KYBM/OTA.</p>				

Improper Compensation Procedures

Our review of payroll records and interviews indicate KYBM/OTA did not comply with DSS contract terms or with generally accepted accounting practices. KYBM/OTA routinely paid certain employees, including Mr. Sims, from multiple programs for the same hours worked. KYBM/OTA did not prorate these hours between the programs.

Mr. Sims stated he often had all three programs running on a single day during the same hours in which he and other key employees had multiple duties. Therefore, they should receive full compensation from each program worked.

Our review of payroll sign-in sheets and cancelled payroll checks for calendar year 2006 revealed KYBM/OTA routinely paid employees from multiple programs for the same hours worked. The following table uses June 2006 as an example:

Comparison of KYBM/OTA's June 2006 Employee Sign-In Sheets to Payroll Checks							
Employee Name	Total Hours Worked Per Time Sheets	Overlap Hours	Overlap Days	Total Federal	Total DSS	Total DOE	Grand Total
Charles Sims	420 Total hrs. Federal 176 hrs. DOE 114 hrs. DSS 130 hrs.	211	23	\$4,022	\$2,950	\$2,850	\$9,822
Pamela Crumb-Sims	244 Total hrs. DSS 130 hrs. DOE 114 hrs.	62	13	- 0 -	\$2,395	\$1,875	\$4,270
Willie Allen	312 Total hrs. Federal 68 hrs. DOE 114 hrs. DSS 130 hrs.	72	13	\$448	\$826	\$875	\$2,149
Patricia Clark	318 Total hrs. Federal 74 hrs. DOE 114 hrs. DSS 130 hrs.	127	19	- 0 -	\$1,974	\$1,500	\$3,474
Cathy Williams	134 Total hrs. Federal 86 hrs. DSS 48 hrs.	46	12	\$1,500	\$1,104	- 0 -	\$2,604
Sandra Theus	119 Total hrs. Federal 71 hrs. DSS 48 hrs.	42	12	\$1,312	\$1,104	- 0 -	\$2,416
Grand Total for all Six Employees							\$24,735
Source: Prepared by OIG staff using data obtained from KYBM/OTA.							

Overlapping work hours accounted for \$9,646 of the \$24,735 payments made to the six employees for the month of June 2006.

Mr. Sims stated employee time sheets were for accounting purposes and used to support payroll checks. He stated the time sheets reflect the amount of money he paid the employee and not the hours actually worked. Mr. Sims said all employee time sheets are wrong. He also said everyone working for KYBM/OTA volunteers time and no one receives pay for every hour worked. According to Mrs. Crumb-Sims and Ms. Clark, time sheets are prepared with hours of work given to them by Mr. Sims and do not reflect actual hours worked.

Employee Paid Without Documented Work

KYBM/OTA paid Fayrine Kennon-Gilbert from State and Federal Abstinence Program funds for job duties, as shown in program proposals, which she did not perform. KYBM/OTA documents show Ms. Kennon-Gilbert occupied the positions of Federal Abstinence Program Executive Director and DOE Program Director without having a significant role in the operation of either program.

Ms. Kennon-Gilbert, a Minden area business owner and City Council member, was paid approximately \$9,500 between December 2005 and December 2006 by KYBM/OTA to perform the following duties:

- **Federal Abstinence Education Program** – KYBM/OTA listed Ms. Kennon-Gilbert in its program proposal as the Executive Director. She was paid \$5,392 for the period December 2005 through July 2006. Listed duties include:
 - Providing program oversight
 - Establishing goals, guidelines, and policies
 - Provide support to the Business Manager
 - Authorize all financial transactions including deposits and expenditures.

- **DOE After School for All Program** – KYBM/OTA listed Ms. Kennon-Gilbert in its proposal as the Program Director, a full-time position. She was paid \$4,139 for the period June 2006 through December 2006. Listed duties include:
 - Overseeing the day-to-day operations of the program
 - Scheduling and staffing field trips
 - Consulting with the Executive Director
 - Being onsite at all times during program operations

In interviews, current and former KYBM/OTA employees stated they rarely saw Ms. Kennon-Gilbert at the facility during program hours. They said she did not provide program supervision or attend field trips. However, they stated she attended staff meetings and graduation ceremonies.

In an interview, Ms. Kennon-Gilbert acknowledged she did not work at the KYBM/OTA facility on a daily basis and did not oversee the financial operations. She also acknowledged she did not schedule field trips or daily activities, prepare reports, or follow up on student performance. However, she stated that she worked numerous hours for KYBM/OTA as a facilitator arranging for guest speakers, garnering community support, and obtaining use of public facilities for graduation ceremonies. She stated she was paid \$23 per hour; however, payroll time sheets are not accurate, and she did not keep an actual record of hours worked.

Payroll time sheets for Ms. Kennon-Gilbert recorded approximately 50 hours worked per month. The majority of hours shown working did not correspond with scheduled class times.

Mr. Sims stated Ms. Kennon-Gilbert's job duties included reviewing teaching materials, ensuring employees were at work, attending staff meetings, speaking with school principals, and procuring the Minden City Council meeting room for graduation ceremonies. Mr. Sims further stated Ms. Kennon-Gilbert was present at the program facility on occasion, but is unable to estimate how often per week or month.

Our review indicates Ms. Kennon-Gilbert did not perform Executive Director and Program Director duties as described in the Federal Abstinence and DOE Program proposals. In addition, based on statements made by Ms. Kennon-Gilbert, Mr. Sims, and KYBM/OTA employees, we question if Ms. Kennon-Gilbert was paid commensurate with actual duties and hours worked.

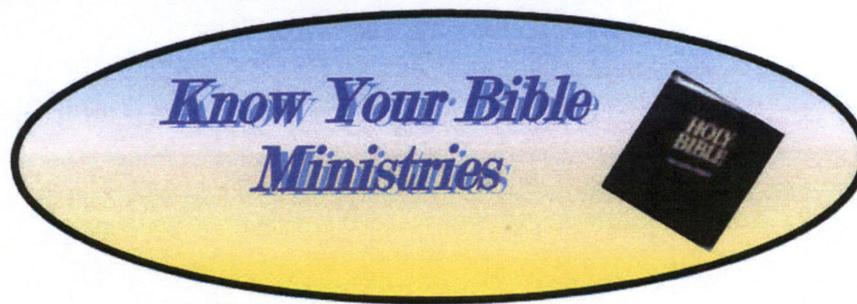
Recommendations:

7. The KYBM/OTA Board of Directors should require Mr. Sims to provide appropriate supporting documentation for funds disbursed from program accounts or seek recovery of funds.
8. KYBM/OTA should institute and maintain an accounting system, which tracks and records revenues and expenditures associated with each program.
9. KYBM/OTA should institute a policy requiring an accurate accounting of employee hours worked and prorate payroll expenses to the appropriate program.
10. KYBM/OTA should ensure employees reported hours of work and job duties are appropriate for the job title and description submitted with the program proposal.

APPENDIX A

Responses

Mr. Charles Sims' Response



*Study to shew thyself approved unto God, a workman that needeth not to be ashamed,
rightly dividing the word of truth. " // Timothy 2:15*

October 1, 2007

Ms. Sharon B. Robinson
State Inspector General
State of Louisiana, DOA
150 3rd Street, Third Floor
Post Office Box 94066
Baton Rouge, LA. 78084-9095

RE: Case No. 1070019 - Response to Internal Audit Findings

Dear Ms. Robinson:

Know Your Bible Ministries concur, that judgment mistakes or errors were made by Know Your Bible Ministries/Operation Turn Around due to technical and human errors, lack of experience and or knowledge by KYBM/OTA's staff, the Administering Departments of Grants/Contracts for Service, contract changes, changes in staff, both by KYBM/OTA and the Administering Department of Grants/Contract for Services, carelessness, distractions, fatigue, even Mother Nature.

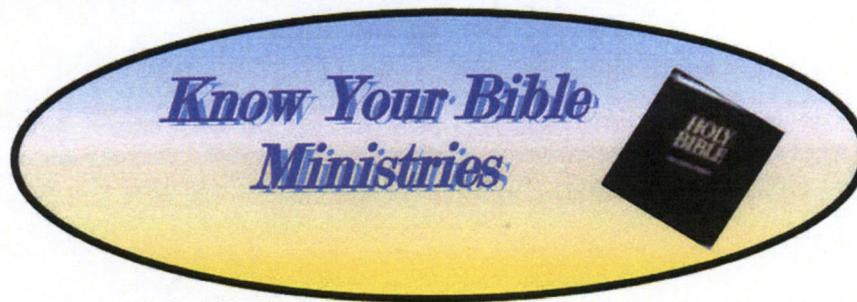
KYBM/OTA is very apologetic for the hardship that it has caused the Office of State Inspector General, Administering Departments of Grants/Service Contracts, and all who might be involved. KYBM/OTA contends that no individual or collusion was ever intended in our efforts to serve our community and state.

In a more positive view, this entire audit has caused KYBM/OTA to take a closer look at its operations, and operators, and for this we thank you.

Sincerely,

Rev. Charles E. Sims, Founder, Director
Know Your Bible Ministries/Operation Turn Around

Phone: 318-382-9410 - 511 High Street, Minden, Louisiana 71055



*Study to shew thyself approved unto God, a workman that needeth not to be ashamed,
rightly dividing the word of truth. " // Timothy 2:15*

October 1, 2007

Ms. Sharon B. Robinson
State Inspector General
State of Louisiana, DOA
150 3rd Street, Third Floor
Post Office Box 94066
Baton Rouge, LA. 78084-9095

RE: Case No. 1070019 - Corrective Action Plan

Recommendation #1

A newly established policy and procedure manual for Know Your Bible Ministries has been put in place effective September 2007 and a copy given to each KYBM Board of Directors and OTA employees; also a copy of OMB Circular has been given to KYBM Board of Directors and OTA employees. Documents are to be read and acknowledged of receiving by signing and returning enclosed forms.

Recommendation #2

Established and disturbed 12 month board meeting agenda. Board to meet and record minutes every other month beginning October 2007.

Recommendation #3

Contacted the IRS at 1-877-829-5500 spoke to Mrs. Jackson, employee number 1757089, she stated that no guidelines as to amount of services as long as you do meet. As to relatives as board members, she stated that you should have equal number of other board members as relatives.

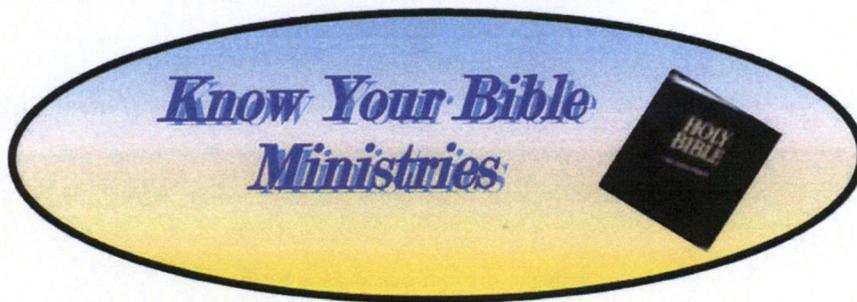
Recommendation #4

Sign-In sheets will be reviewed bi-weekly and matched with students application to assure that program participants are of age and enrolled in pertinent program. Hours will be compared to calendar hours and late & early sign-in sheets will be reviewed before monthly invoice are prepared. Noted time sheets will be sent to granting department with monthly reimbursement for services rendered.

Recommendation #5

Sign-in sheets will be monitored daily and compared to student applications bi-weekly to ensure that signed students are applicant students. Students will be accounted for at departure of each program day by sign-in order and separate late & early attendance sheets. Their late and early sign-in sheets will be incorporated for verification of late arrivals, early pickup by parents, etc.

Phone: 318-382-9410 - 511 High Street, Minden, Louisiana 71055



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Recommendation #6

OTA has established field trip permission slips for parents signature, stating time of departure, arrival home & destination. DSS has established on offsite excursion and/or event form for all field trips and events. All fields trips must be approved by departments of state programs.

Recommendation #7

Submitted financial records of each program & 2006 audit report for review by board & third party, submitted at board meeting.

Recommendation #8

An internal control checklist for all programs is in place and a monthly finance meeting agenda has been established.

Recommendation #9

OTA has already and is implementing program changes in hours of operating and days of operations so that employee hours of work are not duplicated. If hours are duplicated, the employee will be paid according to time spent in pertinent program.

Recommendation #10

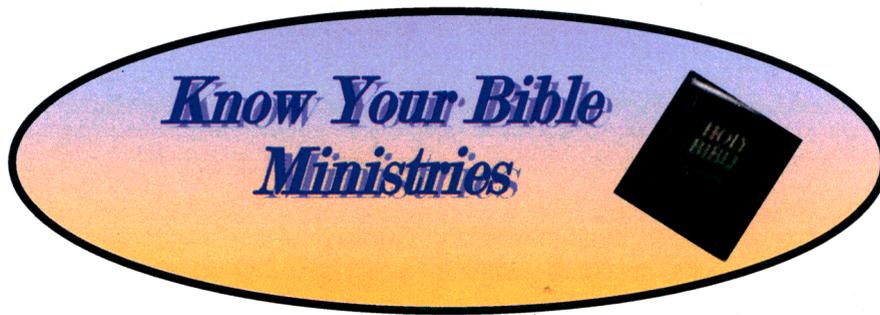
Timesheets will no longer be kept by employees, but will be turned in daily for review by Data Entry Personnel. Data Entry Personnel will enter time for each employee and charge time to appropriate program.

If you have any questions, please feel free to contact us at the number listed below.

Sincerely,

Rev. Charles E. Sims, Founder, Director
Know Your Bible Ministries/Operation Turn Around

Ms. Bertha Harris' Response



Study to shew thyself approved unto God, a workman that needeth not to be ashamed, rightly dividing the word of truth." // Timothy 2:15

October 15, 2007

Ms. Sharon Robinson
Office of State Inspector General
P. O. Box 94095
150 Third Street, Third Floor
Baton Rouge, La. 70804-9095

RE: Case. No. 1070019

Dear Ms. Robinson:

While I, Bertha Harris, as President of the Board of Directors of Know Your Bible Ministries, I regret the grief, stress and problems that have been caused by trying to help the youth of our community and yet we still have a commitment to serve. We agree that a lot of mistakes were made in the effort to help our youth and probably a lot more will be made as we continue to help our youth. But it is certain that we have and will correct the findings of your office, we do believe that we have a component visionary leader in Rev. Sims as he bears the burdens and responsibilities for KYBM mistakes; and we have unanimously agreed to the corrective actions submitted by Rev. Sims. We have also unanimously agreed to helping in the implementation of these changes as well as offering him more assistance in the overall implementation of the programs.

Thank you in advance for your cooperation, if you have any questions please feel free to contact me at (318) 371-1166.

Sincerely,

Bertha M. Harris, President of Board of Directors KYBM

2007 OCT 18 PM 1:05
OFFICE OF
STATE INSPECTOR GENERAL

RECEIVED

Ms. Magaline Quarles' Response

MAGALINE QUARLES
1201 BAYOU AVENUE
MINDEN, LOUISIANA 71055

State of Louisiana
Division of Administration
Office of State Inspector General
Sharon B. Robinson, CPA, CIG, MBA

Mrs. Sharon B, Robinson:

This letter is written in compliance to the audit of KNOW YOUR BIBLE
MINISTRIES. I am Magaline Quarles. I have taught school for approximately 48 years.
Helping children is an enjoyable task for me. I have served on the City Council for 12
In Minden, Louisiana . Presently, I am serving another 4 year term. I would not dare
violate a law knowingly in any respect.

I was formerly the Director of Mr. Sims program held at a building at Greater
St. Paul Baptist Church. At that time a smaller program , Community – Based Tutorial
Program was in operation at Greater St. Paul Baptist Church. There were enough
Children for both programs. However, whomever registered the children for KNOW
YOUR BIBLE MINISTRIES, did not fill out applications for the children. Honestly,
There were so many children , we had to limit attendance. Our count can be verified
From our hot lunch count registered in the state..

As director, I was not allowed to registrar any children, signed any receipts, write any
Checks, sign any checks, purchase any items, know anything about the bank account,
hire any workers, fire any workers, or having to do with decision making.

When I inquired about the general operation of the program, I was fired. (I have already Submitted a letter of my firing to your department).

As I recall, Mr. Sims did bring the one paper for me to sign. He was in a hurry therefore I did not get a chance to examine the papers. This was the only paper I signed. Unfortunately, it was not funded. (signatures of students were not on the papers)

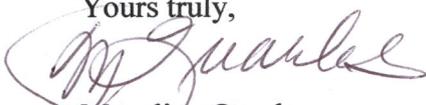
During the time I worked with Mr. Sims program, he did have several activities in the park on Saturday. These activities were well attended by parents and students. When I inquired about the general operation of the program, Mr. Sims fired me. After Mr. Sims fired me, I had no knowledge of what occurred in the program. Mr. Sims operated his program 3 days a week. The Community-based Tutorial Program Operated 5 days a week during June, 4 days for students during school months.

I had no rules in writing stating that I could serve as director of two programs, nor use the same students in the same program.. Now that I have been informed, I will never do it again. Please accept my apology. For having done anything out of order. Please accept my apology. We did work from 4:00 P.M. to 6:00 P.M. When I worked for Mr. Sims, we worked later than 6:00.

The attendance records of the Community –Based Tutorial Program will be more Accurate in that it is monitored closely.

Thank you for allowing me to respond to the Audit.

Yours truly,



Magaline Quarles

Ms. Fayrine A. Kennon-Gilbert's Response

P. O. Box 605
Minden, Louisiana 71058

October 9, 2007

Sharon B. Robinson
State Inspector General
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Dear Ms. Robinson:

This letter is in response to the excerpt of the audit of Know Your Bible Ministries conducted by your office that was mailed to me.

I concur with the excerpt and to alleviate any further concern, I have terminated my affiliation with Operation Turn Around. A letter of resignation submitted to Operation Turn Around is hereto attached.

Sincerely,

A handwritten signature in cursive script, reading "Fayrine A. Kennon-Gilbert". The signature is written in dark ink and is positioned above the printed name.

Fayrine A. Kennon-Gilbert

Enc

417 Martin L. King, Jr. Drive
Minden, Louisiana 71055

September 30, 2007

REV. CHARLES SIMS
Operation Turn Around
P. O. Box 631
Minden, Louisiana 71058

Rev. Sims:

Regretfully, I must inform you that I will no longer be able to serve with Operation Turn Around due to other obligations.

I pray God's continued blessings upon the organization and it's effort.

If I can be of assistance in the future, do not hesitate to call upon me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Fayrine A. Kennon-Gilbert". The signature is fluid and somewhat stylized, with a long horizontal stroke at the end.

Fayrine A. Kennon-Gilbert

Forty copies of this public document were published in this first printing at a cost of \$ 210.89. The total cost of all printings of this document, including reprints is \$ 210.89. This document was published by the Office of State Inspector General, State of Louisiana, Post Office Box 94095, 150 Third Street, Third Floor, Baton Rouge, LA 70804-9095 to report its findings under authority of LSA-R.S. 39:7-8. This material was printed in accordance with the standards for printing by state agencies established pursuant to LSA - R.S. 43:31.

A copy of this report has been made available for public inspection at the Office of State Inspector General and is posted on the Office of State Inspector General's website at www.doa.louisiana.gov/oig/inspector.htm. Reference should be made to Case No. 1-07-0019. If you need any assistance relative to this report, please contact Bruce J. Janet, CPA, State Audit Director at (225) 342-4262.

REPORT FRAUD, WASTE, AND ABUSE

To report alleged fraud, waste, abuse, or mismanagement relative to state programs or operations, use one of the following methods:

- Complete complaint form on web site at www.doa.Louisiana.gov/oig/inspector.htm
- Write to Office of State Inspector General, P. O. Box 94095, Baton Rouge, LA 70804-9095
- Call the Office of State Inspector General at (225) 342-4262