

Change Order Five - \$5.6 Million Payment with No Documentation

In June 2009, the Parish paid JCC \$5.6 million⁷ for change order five on the Center construction project. Parish Finance Department records did not include an invoice to support this payment. According to Finance Director Gwen Bolotte, she was instructed by Mr. Whitmer to generate a check for \$5.6 million on June 24, 2009, the day the council was meeting to vote to approve the payment. She further stated that the check was generated without the Parish Finance Department receiving or reviewing the supporting documentation for the expense and that the Capital Projects Department never sent the documentation to the Finance Department. According to former Parish Accounting Director Lorrie Toups, each payment generated by the Finance Department should have the supporting documentation, such as an invoice, attached to a copy of the payment and stored in the Accounting Department check vault.

Mr. Youssef stated that all change orders are submitted by the Center contractor, JCC, to the construction management company, P&C, who reviews and approves each change order prior to submittal to the Parish Capital Projects Department. Mr. Youssef further stated that change order five originally totaled \$6.2 million, but after review by the Parish Engineering Department, was reduced to \$2.85 million. This reduction was due to the removal of delay charges. The change order was then submitted to the Finance Department for payment. At this point, Mr. Youssef stated that Mr. Whitmer requested that he approve the payment for \$5.6 million. Mr. Youssef stated that he did not approve the payment and decided that he would no longer approve change orders for the Center. In addition, following the Parish Administration's decision to disregard the Parish Engineering Department's recommendations for change order five, the Parish Engineering Department was no longer willing to be responsible for entering Center invoices and change orders into the Parish accounting system and began sending the invoices to the Parish Parks and Recreation Department for entry into the Parish accounting system. Mr. Youssef stated that after the council approved the change order for \$5.6 million, he sent the unapproved documentation supporting change order five to accounting. He added that this was 10 days after it was approved by the Council, as is the Capital Projects Department's practice for submitting invoices. Therefore, at the time the \$5.6 million payment was made, the Finance Department had no supporting documents approved or otherwise.

Mr. Whitmer stated that he was instructed by Councilman Elton LaGasse to have the \$5.6 million payment processed because the Parish relied upon P&C to manage the project and they had stated that the change order was correct and that they could justify the change order's expenses. Mr. LaGasse stated he did not remember telling Mr. Whitmer to make the payment; however, if Mr. Whitmer said he made the statement, he probably did say it. According to an interview and separate deposition⁸ of Mr. Carter, P&C only recommends the payment of change orders; they do not authorize payment of the change orders. Mr. Whitmer stated that the payment was processed by the Finance Department on the day it was approved by the Parish Council in order to pay the contractor and to keep the project moving forward. Mr. Whitmer further stated that, although he had instructed Ms. Bolotte to process the payment on the day it was approved by the Parish Council, his request did not relieve her or the Finance Department of

⁷ Change order value of \$5.6 Million and the \$5.9 Million value listed in the table titled, "Summary of Construction Bids and Change Orders" is due to contract retainage.

⁸ Deposition taken February 3, 2011, in Parish of Jefferson versus Wisznia Company Inc.

their duty to obtain and review the documentation supporting change order five prior to processing the payment.

Wisznia Consultant Travel Expenses

From June 26, 2003 to December 3, 2007, the Parish paid Wisznia \$1,880,347 for services related directly to the Center. Of this amount, \$23,240 was paid for consultant travel expenses. Wisznia's contract with the Parish stated that the architect waived all rights to payment unless the expenses were invoiced within 45 days of incurring the expense. Of the \$23,240 invoiced by Wisznia for consultant travel expenses, \$18,414 or 80% was submitted after the 45 day requirement or the receipt had no date stating when the expense was incurred, causing the invoices to be ineligible for payment.

These invoices were approved by Parish Parks and Recreation Director C.J. Gibson, former Parish Chief Administrative Assistant Mike Quigley, and Mr. Whitmer. When questioned about these payments, Mr. Gibson stated that he rarely reviewed the payments and was instructed by Mr. Quigley or someone else in the Parish Administration to approve the payments.

In an interview with Louisiana Legislative Auditor representatives, former Parish employee Mr. Quigley stated that when he became a Parish president assistant in 2002, his new position included reviewing Wisznia invoices. According to Mr. Quigley, Wisznia's contract was already in place when he was promoted and it was his understanding that his duties regarding Wisznia's invoices were to review the invoices for the lump-sum payments related to the architectural services to ensure that the billed percentage of services were actually provided. Mr. Quigley stated that he forwarded Wisznia invoices for consultant reimbursements to Mr. Gibson in the Parish Parks and Recreation Department. Mr. Quigley further stated that the Parks and Recreation accountants would review the Wisznia consultant invoices for accuracy, approve them and enter the invoices into the accounting system.

Ms. Bolotte stated that the Finance Department reviews and reconciles only the summary page of the invoice and that supporting documentation such as receipts and additional invoices are not reviewed by anyone in the Finance Department.

Carothers Construction Invoice Paid Three Times

From January 8, 2004 to March 31, 2005, the Parish wrote four checks to Carothers Construction totaling \$531,250 for construction management services related to the Center. According to Parish accounting records, the third payment to Carothers Construction, which totaled \$262,500, was issued to pay three invoices from Carothers; each invoice was for \$87,500 and was numbered 3, #3, and #3A. Sean Carothers, owner of Carothers Construction, stated they received the payment for invoice 3 and noticed that the Parish overpaid the invoice by \$175,000. Mr. Carothers stated that after depositing the check, Carothers Construction sent a check to the Parish for \$175,000 to refund the overpayment.