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April 3, 2019

LAWRENCE CHEHARDY, CHAIRMAN
AND MEMBERS OF THE BOARD OF COMMISSIONERS
LOUISIANA TAX COMMISSION
Baton Rouge, Louisiana

We are providing this report for your information and use. This investigative audit was performed in accordance with Louisiana Revised Statutes 24:513, et seq. to determine the validity of complaints we received.

After observing Commission Administrator Charles Abels’ activities during the week of July 30 to August 3, 2018, and comparing them to Louisiana Tax Commission (LTC) records, we found information suggesting Mr. Abels was paid $1,542 for 30.25 hours he did not work, used a state rental vehicle for personal activities, and was reimbursed $44 in fuel charges unrelated to his employment.

In addition, we concluded Mr. Abels may have been paid $14,841 in salary between February 23, 2017, and September 5, 2018, for 321 additional hours he did not work. Our review of third-party records, which we compared to LTC records, showed during that time period Mr. Abels was engaged in personal activities, such as playing golf and traveling out-of-state. It further appeared that, between February 11, 2017 and August 1, 2018, Mr. Abels was reimbursed $1,248 for fuel purchased on weekends, holidays, and days he was not working.

We also found that LTC employees, including Mr. Abels, incurred improper and unnecessary travel expenses totaling $2,560 between October 19, 2017 and July 18, 2018. These expenses included conference-related travel costs for LTC employees who were not registered for the conference or who were registered, but did not attend.

We determined as well that Mr. Abels failed to disclose services he provided and compensation he received through Ecogreen Consultants, LLC, a private business. State law requires LTC employees to have approval from the Board to provide services to anyone other than LTC. While Mr. Abels completed a disclosure statement indicating he was not providing services or receiving payments, we found that he used his state email account to conduct business for Ecogreen during work hours.
Our audit also showed that LTC did not exercise adequate oversight over Mr. Abels’ time and failed to deduct at least 73.5 hours of annual and sick leave from his leave balances between April 23 and August 3, 2018.

The procedures we performed primarily consisted of making inquiries and examining selected financial records and other documents and did not constitute an examination or review in accordance with generally accepted auditing or attestation standards. Consequently, we provide no opinion, attestation, or other form of assurance with respect to the information upon which our work was based.

The accompanying report presents our findings and recommendations as well as management’s response. This is a public report. Copies of this report have been delivered to the District Attorney for the 19th Judicial District of Louisiana and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/aa

LTC 2019
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EXECUTIVE SUMMARY

Administrator Appears to Have Claimed and Been Paid for Hours He Did Not Work and Used a State Rental Vehicle for Personal Purposes

We observed Louisiana Tax Commission (LTC) Administrator Charles Abels’ activities the week of July 30, 2018 through August 3, 2018, and compared our observations to LTC records. Based on those observations and our analysis of LTC records for that five-day period, it appears Mr. Abels was paid $1,542 for 30.25 hours that he did not work, used a state rental vehicle for personal activities, and was reimbursed $44 in fuel charges unrelated to his employment. We also reviewed third-party records and compared them to LTC records and concluded that Mr. Abels may have been paid $14,841 for 321 additional hours when he was engaged in personal activities, such as playing golf and traveling out-of-state, between February 23, 2017 and September 5, 2018. It further appears that Mr. Abels was reimbursed $1,248 for fuel purchased on weekends, holidays, and days Mr. Abels was not working from February 11, 2017 to August 1, 2018. If Mr. Abels submitted false time sheets, received compensation for hours he did not work, used a state rental vehicle for personal purposes, and claimed reimbursement for fuel expenses unrelated to his employment, Mr. Abels may have violated state law.

Improper Travel

LTC employees, including Mr. Abels, incurred improper and unnecessary travel expenses totaling $2,560 between October 19, 2017 and July 18, 2018. These expenses include conference-related travel expenses for LTC employees who were not registered for the conference or were registered, but did not attend the conference. If LTC employees incurred and received reimbursements for improper and unnecessary travel expenses, they may have violated state law.

Administrator Failed to Disclose Outside Business

Mr. Abels failed to disclose services he provided and compensation he received through a private business, Ecogreen Consultants, LLC (Ecogreen). State law requires LTC employees to have approval from the board to provide services to anyone other than LTC. Additionally, Mr. Abels completed a disclosure statement to LTC indicating that he was not providing services or receiving payments. During our audit, we found that Mr. Abels used his state email account to conduct business for Ecogreen during work hours. If Mr. Abels failed to disclose that he was providing services and receiving compensation through a private business, falsified his annual disclosure statement, and used his state email account to conduct personal business, Mr. Abels may have violated state law.


Lack of Oversight over Timekeeping

LTC did not exercise adequate oversight over Mr. Abels’ time. As a result, LTC failed to deduct at least 73.5 hours of annual and sick leave from Mr. Abels’ leave balances from April 23, 2018 to August 3, 2018.
BACKGROUND AND METHODOLOGY

The Louisiana Tax Commission (LTC) was created by Article X, Section 2 of the 1921 Louisiana Constitution. Subsequently, the 1974 Louisiana Constitution, by Article XIV, Section 16(A), continued the provision as a statute, which is now embodied in La. R.S. 47:1831.

LTC is comprised of five members appointed by the Governor and who serve at his pleasure, one from each of the state’s five public service commission districts. LTC is charged with a variety of duties and responsibilities, including:

- administering and enforcing all laws related to the state supervision of local property tax assessments and the assessment of public service properties;
- measuring the level of appraisals or assessments and the degree of uniformity of assessments for each major class and type of property in each parish throughout the state;
- making inspections, investigations, and studies;
- examining cases where evasion or violation of the laws for assessment and taxation of property is alleged, complained of, or discovered;
- hearing taxpayer protests of proposed assessments;
- appraising public service properties for taxation;
- determining the fair market value of bank stock for taxation; and
- adopting rules and regulations after public hearings held pursuant to the Administrative Procedure Act.

In February 2018, LTC commissioners and the Louisiana Division of Administration notified the Louisiana Legislative Auditor that they had received complaints of LTC Administrator Charles Abels being paid for hours not worked and using a state rental vehicle for his personal use. We initiated this audit to determine the validity of these complaints.

The procedures performed during the audit included:

(1) interviewing LTC officials and employees and other persons as appropriate;
(2) examining selected LTC documents and records;
(3) gathering and examining external parties’ documents and records; and
(4) reviewing applicable state laws and regulations.

During our audit, we received assistance from the Louisiana State Police. Their participation was instrumental to the completion of this audit.
FINDINGS AND RECOMMENDATIONS

Administrator Appears to Have Claimed and Been Paid for Hours He Did Not Work and Used a State Rental Vehicle for Personal Purposes

We observed Louisiana Tax Commission (LTC) Administrator Charles Abels’ activities the week of July 30, 2018 through August 3, 2018, and compared our observations to LTC records. Based on those observations and our analysis of LTC records for that five-day period, it appears Mr. Abels was paid $1,542 for 30.25 hours that he did not work, used a state rental vehicle for personal activities, and was reimbursed $44 in fuel charges unrelated to his employment. We also reviewed third-party records and compared them to LTC records and concluded that Mr. Abels may have been paid $14,841 for 321 additional hours when he was engaged in personal activities, such as playing golf and traveling out-of-state, between February 23, 2017 and September 5, 2018. It further appears that Mr. Abels was reimbursed $1,248 for fuel purchased on weekends, holidays, and days Mr. Abels was not working from February 11, 2017 to August 1, 2018. If Mr. Abels submitted false time sheets, received compensation for hours he did not work, used a state rental vehicle for personal purposes, and claimed reimbursement for fuel expenses unrelated to his employment, Mr. Abels may have violated state law.1,2,3,4,5,6,7

The LTC Administrator (Administrator) position is classified civil service and is the principal operating director for all LTC functions. Charles Abels served as LTC Administrator from May 26, 2008 until he resigned on February 4, 2019. According to LTC employees, Mr. Abels submitted a manual time sheet because there was no one above him to approve his time in the state’s electronic payroll system (payroll system). At the end of each pay period, Mr. Abels’ administrative assistant filled out his time sheet and leave slips based on when he told her that he is taking leave (via text or email). LTC records indicate that Mr. Abels did not schedule leave in advance. Mr. Abels and an LTC assistant director signed the time sheets to certify that the time sheets and leave slips were correct. According to the LTC assistant director, she was designated by the board to sign off on Mr. Abels’ time sheets. She told us that she did not supervise Mr. Abels and was in no position to refuse to sign his time sheets and leave slips. After the pay period ended, LTC’s time administrator would enter a prior-period adjustment into the state’s payroll system to record any leave Mr. Abels took during the prior pay period.

Surveillance

Investigative auditors from the Louisiana Legislative Auditor (LLA) and agents from the Louisiana State Police (LSP) conducted surveillance on Mr. Abels from July 30, 2018 to August 3, 2018, a period in which Mr. Abels had no leave scheduled and should have been working from 8:00 a.m. to 4:30 p.m. the entire week. During this time, Mr. Abels drove a silver Chevrolet Camaro (Camaro) rented from Enterprise Rent-A-Car by LTC. We compared our observations during this week to Mr. Abels’ time sheet and leave slips and found that Mr. Abels’ personal activities conflicted with the hours on his time sheet. The discrepancy suggests
Mr. Abels was paid $1,542 for 30.25 hours that he did not work. Mr. Abels’ activities during this week are described below.

- On Monday, July 30, 2018, Mr. Abels drove the Camaro into the LTC office parking lot at 8:24 a.m. and then entered the building. He remained there until 10:05 a.m. and then drove to Iberia Bank on Acadian Thruway in Baton Rouge, Louisiana, where he conducted personal banking business. Mr. Abels then drove to Wal-Mart and Best Buy and purchased what appeared to be personal items (see Exhibit A). Mr. Abels next drove to Hooters in Denham Springs, Louisiana, where he ate lunch with someone and drank beer. Records obtained from Hooters indicate that Mr. Abels paid for six alcoholic beverages during his one hour, 10 minute lunch. At 12:44 p.m., Mr. Abels left Hooters and entered Interstate 12 east, away from Baton Rouge. Mr. Abels’ time sheet and leave slip for this day indicate that he worked from 8:00 a.m. until 12:00 p.m.

- On Tuesday, July 31, 2018, we looked for Mr. Abels at his residence and at LTC’s office early in the morning, but did not see him or the Camaro at either location. At 11:42 a.m., we found Mr. Abels at the Santa Maria Golf Course (Santa Maria) in Baton Rouge without the Camaro. Video and records obtained from Santa Maria show that Mr. Abels purchased items from the pro shop and paid his green fees at 8:09 a.m. (see Exhibits B and C). Mr. Abels played golf (see Exhibit D) and then left the golf course around noon with the same individual he had lunch with the day before. He then traveled to a residence in Walker, Louisiana, where he picked up the Camaro. Mr. Abels then drove to a McDonald’s in Denham Springs and then to his residence in Baton Rouge. We suspended surveillance at 5:30 p.m. According to Mr. Abels’ work schedule and time sheet, he worked eight hours (8:00 a.m. until 4:30 p.m.) on this day.

- We found Mr. Abels at 7:45 a.m. on Wednesday, August 1, 2018, at a residence where an LTC employee was staying in Denham Springs. The Camaro was parked on the street, and GPS data indicates that Mr. Abels’ cell phone was in this area overnight. Mr. Abels left the residence around 8:30 a.m. and drove to the Livingston Parish Courthouse in Livingston, Louisiana, where he had to appear on a personal matter. He remained at the Courthouse until shortly after 9:00 a.m. He then drove to Santa Maria. Santa Maria video showed that Mr. Abels exchanged items he purchased the day before (see Exhibit E). After leaving Santa Maria, Mr. Abels stopped at a Circle K convenience store in Baton Rouge where he put fuel in the Camaro. Mr. Abels then drove to Men’s Wearhouse (see Exhibit F) and the Mall of Louisiana. After leaving the mall, Mr. Abels drove to a spa in Walker, where he remained for one hour and five minutes. After leaving the spa, Mr. Abels drove to various locations around Denham Springs, including a service station, Academy Sports, and the Denham Springs-Walker Branch of the Livingston Parish Library. Mr. Abels then returned to the same residence where the LTC employee was staying and where we found him.

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\(^{\text{A}}\) LTC subsequently reimbursed Mr. Abels $44 for this fuel purchase. See “Personal Use of a State Rental Vehicle and Improper Fuel Reimbursements” section of this finding.
that morning. We suspended surveillance at 3:35 p.m. GPS data indicates that Mr. Abels’ cell phone was in the Denham Springs area until approximately 10:00 p.m. Mr. Abels’ time sheet indicates that he worked from 8:00 a.m. until 4:30 p.m. on Wednesday.

- At 8:23 a.m. on Thursday, August 2, 2018, we located the Camaro at The Island Golf Course (The Island) in Plaquemine, Louisiana and found Mr. Abels playing golf around 10:00 a.m. (see Exhibits G and H). Records obtained from The Island indicate that Mr. Abels purchased items from the pro shop at 8:09 a.m. and purchased alcoholic beverages while on the golf course later that morning. Mr. Abels left the golf course shortly after noon (see Exhibit I) and drove to Hunan Chinese Restaurant in Baton Rouge. Mr. Abels left the restaurant and drove a short distance to Spanky’s Daiquiris around 2:00 p.m. Mr. Abels was observed consuming a red liquid beverage and reaching for a beer at the bar (see Exhibit J). We suspended surveillance at 3:45 p.m.; however, GPS data showed that Mr. Abels’ cell phone remained in this area until approximately 9:30 p.m. Records obtained from Spanky’s Daiquiris show that Mr. Abels purchased at least seven alcoholic beverages. Mr. Abels’ time sheet and leave slip indicate that he worked from 8:00 a.m. until 12:00 p.m. on Thursday.

- On Friday, August 3, 2018, we observed Mr. Abels leave his Baton Rouge residence at 7:02 a.m. in the Camaro. Mr. Abels drove to the Greystone Golf and Country Club (Greystone) in Denham Springs, where we observed him playing golf (see Exhibit K). Mr. Abels left Greystone shortly before 11:00 a.m. and drove by a private residence in Denham Springs (the same residence from Wednesday, August 1, 2018). Mr. Abels then drove back towards Greystone. Records obtained from Greystone show that Mr. Abels was there for the remainder of the day and made multiple alcohol purchases. Mr. Abels’ time sheet for that day shows that he worked an eight-hour day (8:00 a.m. until 4:30 p.m.).

Records That Conflict with Mr. Abels’ Time Sheets

We compared our observations with Mr. Abels’ time sheet and leave slips and found that he may have been paid for hours that he did not work. LSP obtained third-party records, including Mr. Abels’ cell phone location data, personal bank records, personal email account, personal account at Greystone, and personal golf scores registered with the Louisiana Golf Association (LGA). We compared those records with Mr. Abels’ time sheets, leave slips, and emails and found that Mr. Abels may have claimed and been paid $14,841 for at least 321 hours that he did not work from February 23, 2017 until September 5, 2018. This includes days where Mr. Abels played golf at Greystone or was out-of-state.

Golf

We reviewed Mr. Abels’ Greystone account records and LGA scores from January 1, 2017 until September 30, 2018, and found that he was at Greystone during work hours on 53 different days. We estimate that Mr. Abels spent at least 209.5 hours at golf courses while he claimed to be working. For example, on Thursday, April 13, 2017, Mr. Abels
certified on his LTC time sheet that he worked nine hours (8:30 a.m. until 6:00 p.m.); however, Greystone records indicate that Mr. Abels played two rounds of golf that day at 8:21 a.m. and again at 1:00 p.m. LGA records show that Mr. Abels logged two scores on that day. Additionally, records indicate that Mr. Abels made five purchases at Greystone between 8:08 a.m. and 8:34 p.m., including $80 in alcoholic beverages.

Out-of-State Travels

We reviewed Mr. Abels’ emails, GPS data, and personal bank records and found that he traveled out-of-state at least six times from February 23, 2017 to August 10, 2018. For five of those trips, Mr. Abels did not take any leave, and LTC had no records indicating that he was traveling on LTC business. For example, we found that Mr. Abels used his personal debit card six times from Thursday, May 31, 2018 through Friday, June 1, 2018, near Pensacola, Florida. GPS data shows that Mr. Abels’ cell phone was in Denham Springs, Louisiana around 8:50 a.m. on May 31, 2018, and arrived in Pensacola, Florida after 4:00 p.m. on that same day. GPS data also puts Mr. Abels’ cell phone in Pensacola all day on June 1, 2018. According to LTC records, Mr. Abels worked eight hours on both days (8:00 a.m. to 4:30 p.m.) and did not claim reimbursement for any travel expenses. We spoke with someone who accompanied Mr. Abels on this trip, and she told us that the trip was a personal trip and not related to LTC business. We estimate that Mr. Abels claimed 111.5 hours on days when he was out-of-state.

We spoke with Mr. Abels regarding his job duties and office hours. Mr. Abels told us that he was available to work “24/7.” However, multiple statements from board members and LTC employees indicate that Mr. Abels’ job duties did not require him to be out of the office. Furthermore, LTC employees said it was rare if they saw Mr. Abels in the office twice in one week. LTC employees also told us they were instructed by LTC management to assume that Mr. Abels was working on LTC business when he was not in the office.

Personal Use of State Rental Vehicle and Improper Fuel Reimbursements

The state has a contract with Enterprise Rent-A-Car (Enterprise) to rent vehicles for state employees traveling on official state business. According to the state regulations, personal use of a state rental vehicle is not permitted. According to LTC’s Drivers’ Safety Program policy signed by Mr. Abels, effective July 2, 2010, a state vehicle is defined as any licensed vehicle owned, leased and/or rented by the state. Although LTC’s policy requires that vehicle mileage and use logs be kept for all state vehicles, no such controls are in place to ensure state vehicles are not being used for personal purposes. Additionally, the policy states that no driver shall operate a state vehicle under the influence of alcohol or drugs, or when his ability to operate a vehicle safely may be impaired by medication, illness, fatigue, or injury.

LTC rented a vehicle for Mr. Abels from Enterprise on a monthly basis. Although the state only paid for compact or intermediate-sized vehicles, Mr. Abels typically rented a more expensive vehicle and wrote a personal check to Enterprise for the difference in price. We reviewed Mr. Abels’ rental vehicle invoices and fuel reimbursements from December 7, 2016 to
November 28, 2018, and found that LTC spent $19,621 (average of $818 per month) to provide Mr. Abels with a rental vehicle and fuel. Mr. Abels did not maintain a log of his vehicle use and told us that any personal use of the vehicle was incidental to his travel for work. However, our surveillance and review of third-party records reveal that Mr. Abels may have used his rental vehicle for personal use and may have violated state policy by operating the vehicle after consuming alcoholic beverages.

**Surveillance**

We conducted surveillance on Mr. Abels from July 30, 2018 to August 3, 2018, and believe Mr. Abels used his state rental vehicle for personal purposes. During this time, Mr. Abels drove a silver Chevrolet Camaro (Camaro) that LTC rented for him on a monthly contract. Mr. Abels appears to have put at least 262.5 personal miles on the Camaro during this time (Exhibit L). Additionally, Mr. Abels claimed and was reimbursed $44 for fuel during that week while he appeared to be conducting personal business. In addition to using the Camaro for personal use, we found that Mr. Abels drove the state rental after consuming alcoholic beverages on one of those five days, which may have violated LTC and state policies.

That is, on Monday, July 30, 2018, Mr. Abels was observed at Hooters restaurant in Denham Springs, Louisiana drinking beer and then driving away in the Camaro. We obtained Mr. Abels’ receipt from Hooters and confirmed that he purchased a total of six beers for him and his lunch companion. On Thursday, August 2, 2018, Mr. Abels was at The Island in Plaquemine. We obtained Mr. Abels’ transactions from The Island and found that Mr. Abels purchased eight beers at 10:20 a.m. We saw Mr. Abels leaving the golf course in the Camaro at 12:13 p.m. on that day, but did not observe him drinking any of the beers he purchased. On that same day, Mr. Abels went to Spanky’s Daiquiris (Exhibit J). Mr. Abels was observed drinking a red liquid from a cup. While we did not observe Mr. Abels driving away from Spanky’s Daiquiris, we did find the Camaro at his residence the following morning.

**Records**

We compared Mr. Abels’ fuel reimbursements to his golf records, personal bank records, and time sheets and found 28 instances where Mr. Abels claimed a fuel reimbursement (which would indicate that he was in the state rental vehicle) on weekends, holidays, or on days that he was golfing or conducting other personal business. As a result, Mr. Abels was reimbursed $1,248 for those fuel expenses. For example, we found that on Thursday, March 1, 2018, Mr. Abels was on annual leave but purchased fuel at 6:22 a.m. in Springfield before playing golf at 9:06 a.m. It should be noted that Mr. Abels made three purchases at Greystone on this day, including $188 for alcoholic beverages. Since Mr. Abels submitted his receipt for the fuel reimbursement, it would indicate that he was in the state rental vehicle when he made the fuel and alcoholic beverage purchases.

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\(^{\text{b}}\) The $19,621 is comprised of payments for the rental vehicle ($15,767) and fuel reimbursements to Mr. Abels ($3,854).
Conclusion

We observed Mr. Abels’ activities the week of July 30, 2018 through August 3, 2018, and compared our observations to LTC records. Based on those observations and our analysis of LTC records for that five-day period, it appears Mr. Abels was paid $1,542 for 30.25 hours that he did not work, used a state rental vehicle for personal activities, and was reimbursed $44 in fuel charges unrelated to his employment. We also reviewed third-party records and compared them to LTC records and concluded that Mr. Abels may have been paid $14,841 for 321 hours when he was engaged in personal activities, such as playing golf and traveling out-of-state, between February 23, 2017 and September 5, 2018. It further appears that Mr. Abels was reimbursed $1,248 for fuel purchased on weekends, holidays, and days Mr. Abels was not working from February 11, 2017 to August 1, 2018. If Mr. Abels submitted false time sheets, received compensation for hours he did not work, used a state rental vehicle for personal purposes, and claimed reimbursement for fuel expenses unrelated to his employment, Mr. Abels may have violated state law.\textsuperscript{1,2,3,4,5,6,7}

Mr. Abels resigned from the LTC on February 4, 2019. At the time of his separation, Mr. Abels had 369 hours of accrued annual leave, of which 300 hours was to be paid out to him upon separation from LTC. Mr. Abels, through his attorney, authorized LTC to withhold his 300 hours totaling $15,288, which was to be applied to any claims which the LTC may have against Mr. Abels.

Recommendations

We recommend that LTC consult with legal counsel to determine the appropriate course of action, including recovery of funds paid to Mr. Abels for hours he did not work and improper expense reimbursements. We further recommend that LTC:

(1) Require all employees to maintain an electronic calendar indicating when they are out of the office and for what reason;

(2) Develop written policies regarding when and under what circumstances the administrator may telecommute, work remotely, and/or work outside the office;

(3) Review and revise current LTC policies on remote work and telecommuting by other LTC employees, clarifying which positions may work remotely and for how many hours during the week;

(4) Require employees that use a state rental vehicle to maintain vehicle mileage and use logs;

(5) Review vehicle mileage and use logs periodically to assess whether the continued rental of the vehicle is in LTC’s best interest;

(6) Develop a zero tolerance policy strictly prohibiting the consumption of any alcohol prior to operation of a state rental vehicle; and

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(7) Enforce the current LTC policy prohibiting the use of state vehicles for the personal use or benefit of an individual.

Improper Travel

LTC employees, including Administrator Charles Abels, incurred improper and unnecessary travel expenses totaling $2,560 between October 19, 2017 and July 18, 2018. These expenses include conference-related travel expenses for LTC employees who were not registered for the conference or were registered, but did not attend the conference. If LTC employees incurred and received reimbursements for improper and unnecessary travel expenses, they may have violated state law.1,5,7

Louisiana Assessors’ Association Conference

The Louisiana Assessors’ Association (LAA) hosts an annual conference in New Orleans, Louisiana. Five LTC employees were registered for the 2018 conference held June 12-14, 2018; however, LTC paid for hotels and meals for eight LTC employees. One employee who was not registered for the conference told us she held a meeting for representatives of different assessors’ offices across the state. According to a former LTC Director, the other two employees who were not registered were instructed to be there by Mr. Abels to attend “off-conference” meetings. The cost of these two employees to stay in New Orleans was $645.

Records show that LTC paid $1,384 for Mr. Abels’ registration, hotel, and meals for the LAA Conference; however, several conference attendees and organizers told us that Mr. Abels did not attend the conference. We obtained the list of registrants from the LAA and found that Mr. Abels was registered but did not check-in or pick up his registration packet. Statements from conference organizers indicate that Mr. Abels’ absence at the conference was noticed and discussed by conference attendees. Since Mr. Abels’ personal bank records indicate he purchased something at a department store in Hammond on June 13, 2018, we reviewed GPS data from that day and saw that Mr. Abels’ cell phone left New Orleans around 9:30 a.m. and traveled to Springfield, Louisiana; Hammond, Louisiana; and Covington, Louisiana, before returning to New Orleans around 3:00 p.m. One LTC employee told us that she met up with Mr. Abels in New Orleans later in the week, and that Mr. Abels did not attend any conference activities while she was in New Orleans.

Baton Rouge Hotel Stays

State regulations provide that the official domicile of an employee shall be, at a minimum, the city limits in which the office is located. State employees are eligible to receive reimbursement for travel only when away from their official domicile. State regulations allow department heads to authorize an employee’s lodging expenses to be placed on the state’s credit card within an employee’s domicile with proper justification as to why this is necessary and in the best interest of the state. Although Mr. Abels’ official domicile is Baton Rouge, LTC records show that he incurred $478 in travel expenses for three Baton Rouge hotel stays from October 19, 2017 to March 1, 2018. According to LTC records, Mr. Abels did not document a
business purpose for these stays nor did he document why his Baton Rouge stays were in the best interest of the state. In addition to incurring travel expenses within his official domicile, Mr. Abels’ hotel stays exceeded the maximum rate allowed in Baton Rouge. Our audit revealed the following:

- We spoke with someone who stayed with Mr. Abels at the Marriott Hotel in Baton Rouge on October 19, 2017. She stated that they attended a concert and stayed the night, but she thought that Mr. Abels paid for the hotel himself. LTC records show that Mr. Abels incurred $184 hotel charge at the Marriott on October 19, 2017.

- Mr. Abels incurred hotel, valet, and meal expenses totaling $165 for an overnight stay at The Watermark Hotel in Baton Rouge from January 10, 2018 to January 11, 2018. Mr. Abels did not document any business purpose for this stay. Mr. Abels was reimbursed for dinner on January 10, 2018; however, records from Greystone show that Mr. Abels charged a meal and alcohol at Greystone at 11:10 p.m. According to an LTC employee familiar with the hotel stay, she was told that Mr. Abels was staying there because it was his birthday. The administrative coordinator who made the hotel reservation stated she was not certain why Mr. Abels needed the hotel room and that if she booked the room it was because Mr. Abels called and told her to book the room. According to a representative from the hotel, Mr. Abels checked in at 5:15 p.m. GPS data shows that Mr. Abels’ cell phone left the Baton Rouge area around 6:00 p.m. and did not return until after 11:00 p.m.

- Mr. Abels had a reservation for an overnight hotel stay at the Courtyard Marriott hotel in Baton Rouge on March 1, 2018, which cost LTC $129. LTC could not provide any documentation to show a business purpose for this expense, and Mr. Abels’ time sheet shows that he was on annual leave on March 1, 2018. Further, records indicate that Mr. Abels incurred three charges at Greystone on this day from 9:02 a.m. until 11:05 p.m. According to a representative of the hotel, Mr. Abels was a “no show.”

**Improper Mileage**

State regulations allow employees to be reimbursed for only 99 miles per trip when using their personal vehicles. An LTC Tax Specialist requested and received a $53 reimbursement for 99 miles during a trip to Nashville, Tennessee for a conference in July 2018. However, she told us that she rode to Nashville with Mr. Abels. She also said that she they rode to Nashville in Mr. Abels’ state rental vehicle. She told us that this was her first time to travel out of state with LTC, and she did not know how to fill out her expense report. She said that she claimed the mileage because Mr. Abels instructed her to fill out her expense report the same way that he did. However, LTC records show that Mr. Abels did not claim a mileage reimbursement for that trip. After we questioned her about the mileage reimbursement, she paid the amount back to LTC. Even though she told us that she rode to Nashville with Mr. Abels, her expense reimbursement request was signed and approved for payment by Mr. Abels. Since she rode to Nashville with Mr. Abels in a state rental vehicle, she was not entitled to be reimbursed for mileage.
Conclusion

LTC employees, including Administrator Charles Abels, incurred improper and unnecessary travel expenses totaling $2,560 between October 19, 2017 and July 18, 2018. These expenses include conference-related travel expenses for LTC employees who were not registered for the conference or were registered but did not attend the conference. If LTC employees incurred and received reimbursements for improper and unnecessary travel expenses, they may have violated state law.¹⁵,⁷

Recommendations

We recommend LTC consult with its legal counsel to determine the appropriate actions to take, including recovery of improper travel reimbursements. LTC should:

(1) Require proof of attendance for conferences by having employees certify their attendance at conference events;

(2) Prohibit employees from traveling to conferences if they are not registered for or participating in the conference;

(3) Make sure employees are adequately trained on the state’s travel policy; and

(4) Ensure that employees have a valid business purpose for traveling.

Administrator Failed to Disclose Outside Business

LTC Administrator Charles Abels failed to disclose services he provided and compensation he received through a private business, Ecogreen Consultants, LLC (Ecogreen). State law⁸ requires LTC employees to have approval from the board to provide services to anyone other than LTC. Additionally, Mr. Abels completed a disclosure statement to LTC indicating that he was not providing services or receiving payments. During our audit, we found that Mr. Abels used his state email account to conduct business for Ecogreen during work hours. If Mr. Abels failed to disclose that he was providing services and receiving compensation through a private business, falsified his annual disclosure statement, and used his state email account to conduct personal business, Mr. Abels may have violated state law.⁴,⁵,⁸

State law does not allow LTC employees to have other employment or render services to anyone other than the LTC unless first approved by the LTC board. LTC employees are required to sign a disclosure statement each year disclosing whether or not they provided services to another, the nature of such service, and the amount received. Additionally, LTC’s employee handbook states that employees should engage in activities that are related to the mission and goals of the LTC during work hours. During our review of LTC emails, Mr. Abels’ personal bank records, and Ecogreen’s bank records, we found that Mr. Abels may have failed to disclose the services that he provided through a private business, falsified his annual disclosure statement, and used his state email account to conduct personal business.
Ecogreen is a Louisiana limited liability company domiciled in Denham Springs, Louisiana, which registered with the Louisiana Secretary of State (SoS) on January 12, 2012. According to SoS records, Mr. Abels is an officer of Ecogreen. On June 13, 2016, Mr. Abels signed a disclosure statement for LTC indicating that he provided no outside services and received no amount of compensation. LTC was unable to provide Mr. Abels’ disclosure statement for 2017. On September 10, 2018, Mr. Abels signed his annual disclosure statement indicating that he provided no outside services and received no outside compensation. However, our review of Ecogreen’s bank records shows that Mr. Abels drew $111,750 from Ecogreen’s account from January 30, 2017 until November 21, 2018. During our review of Mr. Abels’ personal email account, we found that he sold stock in Ecogreen on September 18, 2018, which suggests he had a financial interest in Ecogreen prior to this date.

LTC records further showed that Mr. Abels used his statewide email at least 17 times between May 2017 and May 2018 to send Ecogreen-related emails during work hours. One of these emails included an invoice from Ecogreen to another business for services provided. Mr. Abels also forwarded emails pertaining to Ecogreen to two other LTC employees. We asked those employees about these emails, and they stated that they did not know what Ecogreen was. They both told us that Mr. Abels may have forwarded those emails to them so that they could print the attachments in the emails.

If Mr. Abels failed to disclose that he was providing services and receiving compensation through a private business, falsified his annual disclosure statement, and used his state email account to conduct personal business, Mr. Abels may have violated state law.4,5,8

Recommendations

We recommend that LTC employees adhere to state law and LTC policies by disclosing their involvement with business activity outside of the LTC. LTC should train its employees on the state law regarding outside employment. Additionally, LTC employees should use state email for state business.

Lack of Oversight over Timekeeping

LTC did not exercise adequate oversight over LTC Administrator Charles Abels’ time. As a result, LTC failed to deduct at least 73.5 hours of annual and sick leave from Mr. Abels’ leave balances from April 23, 2018 to August 3, 2018.

LTC employees report their time bi-weekly in the state’s payroll system. According to LTC employees, Mr. Abels submitted manual time sheets because there was no one above him to approve his time in the state’s payroll system. At the end of each pay period, Mr. Abels’ administrative assistant filled out his time sheet and leave slips based on when he told her that he was taking leave (via text or email). Mr. Abels and an LTC assistant director signed and certified that the time sheets and leave slips were correct. LTC’s Administrative Coordinator prepared adjustments in the state’s payroll system to record any leave that Mr. Abels took during the pay period. She provided the adjustments to the assistant director to certify that the
adjustments were accurate and supported by appropriate documentation. The Administrative Coordinator told us that adjustments should agree with the leave slips and time sheets, and if they do not agree, then that was a mistake on her part. The assistant director told us that she just signed the documents and was in no position to refuse to sign anything related to Mr. Abels’ time.

During our audit, we compared Mr. Abels’ certified manual time sheets and leave slips to the leave adjustments recorded in the state’s payroll system and found that the Administrative Coordinator did not properly record all of Mr. Abels’ leave. We identified six pay periods from April 23, 2018 to August 3, 2018, where Mr. Abels certified time sheets and leave slips for 105.5 hours of annual and sick leave to be deducted from his balances; however, payroll records show that only 32 hours of annual and sick leave were deducted. This means that Mr. Abels has 73.5 hours of leave that had not been deducted from his leave balances and went undetected by LTC personnel. For example, for the pay period beginning April 23, 2018 and ending May 4, 2018, Mr. Abels certified on his time sheet that he was taking 30.5 hours of annual leave. Records show that the Administrative Coordinator prepared the adjustments on May 14, 2018 (10 days after the pay period ended), which were signed by the LTC assistant director. She included a comment on the adjustment that read, “wasn’t able to enter over the weekend.” However, payroll records show that no leave was deducted for this pay period. When we brought this to management’s attention, LTC’s administrative coordinator made prior-period adjustments.

**Recommendations**

We recommend that LTC personnel consult with the Division of Administration to determine the appropriate course of action, including correcting Mr. Abels’ annual and sick leave balances to agree to what he certified. We also recommend that the LTC Administrator begin utilizing the state’s payroll system and deduct his leave in a timely manner.

Exhibit B: Mr. Abels in the Santa Maria Golf Course pro shop at 8:06 a.m. on Tuesday, July 31, 2018.
Exhibit C: Mr. Abels purchasing items and paying green fees at 8:09 a.m. on Tuesday, July 31, 2018.

Exhibit D: Mr. Abels on the Santa Maria Golf Course on Tuesday, July 31, 2018.
Exhibit E: Mr. Abels exchanging items on Wednesday, August 1, 2018, at 9:51 a.m.
Exhibit F: Mr. Abels leaving the Men’s Wearhouse in Baton Rouge in the state rental vehicle on Wednesday, August 1, 2018.

Exhibit G: Mr. Abels at The Island Golf Course in Plaquemine on Thursday, August 2, 2018.
Exhibit H: Mr. Abels in a golf cart on The Island Golf Course on Thursday, August 2, 2018.
Exhibit I: Mr. Abels placing his golf clubs in the trunk of the state rental vehicle at The Island Golf Course on Thursday, August 2, 2018.

Exhibit J: Mr. Abels reaching for a beer at Spanky’s Daiquiris on Thursday, August 2, 2018.
Exhibit K: Mr. Abels at Greystone Golf and Country Club on Friday, August 3, 2018.
Exhibit L: Table summarizing Mr. Abels’ personal travel in the state rental vehicle from July 30, 2018 to August 3, 2018.

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<th>Origin</th>
<th>Destination</th>
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<td>Wal-Mart</td>
<td>Best Buy</td>
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<tr>
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Mr. Abels’ Total Personal Mileage: **262.5**
1 Louisiana Revised Statute (La. R.S.) 14:67(A) provides that, “Theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations. An intent to deprive the other permanently of whatever may be the subject of the misappropriation or taking is essential.”

2 La. R.S. 14:68(A) provides that, “Unauthorized use of a movable is the intentional taking or use of a movable which belongs to another, either without the other's consent, or by means of fraudulent conduct, practices, or representations, but without any intention to deprive the other of the movable permanently. The fact that the movable so taken or used may be classified as an immovable, according to the law pertaining to civil matters, is immaterial.”

3 La. R.S. 14:132(B) provides that, “Second degree injuring public records is the intentional removal, mutilation, destruction, alteration, falsification, or concealment of any record, document, or other thing, defined as a public record pursuant to R.S. 44:1 et seq. and required to be preserved in any public office or by any person or public officer pursuant to R.S. 44:36.”

4 La. R.S. 14:133(A) provides that, “Filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, of any of the following: (1) Any forged document. (2) Any wrongfully altered document. (3) Any document containing a false statement or false representation of a material fact.”

5 La. R.S. 14:134(A) provides that, “Malfeasance in office is committed when any public officer or public employee shall: (1) Intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; or (2) Intentionally perform any such duty in an unlawful manner; or (3) Knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him, or to perform any such duty in an unlawful manner.”

6 La. R.S. 14:138(A) provides, in part, “Public payroll fraud is committed when: (1) Any person shall knowingly receive any payment or compensation, or knowingly permit his name to be carried on any employment list or payroll for any payment or compensation from the state, for services not actually rendered by himself, or for services grossly inadequate for the payment or compensation received or to be received according to such employment list or payroll.”

7 La. R.S. 42:1461(A) states, in part, “Officials, whether elected or appointed and whether compensated or not, and employees of any ‘public entity,’ which, for purposes of this Section shall mean and include any department, division, office, board, agency, commission, or other organizational unit of any of the three branches of state government or of any parish, municipality, school board or district, court of limited jurisdiction, or other political subdivision or district, or the office of any sheriff, district attorney, coroner, or clerk of court, by the act of accepting such office or employment assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other thing of value belonging to or under the custody or control of the public entity in which they hold office or are employed.”

8 La. R.S. 47:1833 states, in part, “No employee of the tax commission shall have other employment or draw or take any salary, wage, commission, gift, gratuity, or emolument, for any accommodation or service rendered to another than the tax commission, unless the nature of such accommodation, service, or employment and the remuneration therefore shall be first known and approved by the tax commission.”
APPENDIX A

Management’s Response
March 20, 2019

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: Audit Report

Dear Mr. Purpera:

On behalf of the Louisiana Tax Commission ("LTC"), I first must express my sincere appreciation for the assistance and support provided by your office’s Investigative Audit Services unit. Mr. Harris and his team promptly and thoroughly responded to LTC’s request for assistance in investigating the complaint against the former Tax Commission Administrator. The draft investigative audit report has been fully reviewed. Without reservation, LTC concurs in the findings and recommendations set forth therein.

You should be aware that Mr. Abels no longer is employed by LTC. Funds totaling $15,288.00 have been recovered and applied as reimbursement for unearned wages previously paid to him. As a result of LTC’s internal administrative investigation of the complaint, staffing changes and modifications to LTC’s business practices have occurred. Internal controls over employee time and attendance, leave usage, work locations, rental vehicles, travel reimbursements and conference attendance have been implemented. Certain LTC policies are under revision, and additional policies utilized by the Division of Administration will be adopted. Additional training of LTC’s employees will be conducted by Human Resources personnel. These initiatives will protect against the recurrence of the inappropriate and wholly unacceptable behavior outlined in your audit report.

If additional information is needed, do not hesitate to contact me.

Sincerely,

Lawrence E. Chehardy, Chairman
Louisiana Tax Commission