



State of Louisiana

**OFFICE OF  
STATE INSPECTOR GENERAL**

**BOARD OF BARBER EXAMINERS**

**Report by**

**Inspector General Bill Lynch**

**Prepared for**

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

**October 3, 2001**

**File 1-01-0056**



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September 27, 2001

File No. 1-01-0056

# Board of Barber Examiners

The chairman of the Louisiana State Board of Barber Examiners (Board) was wrongfully reimbursed \$6,000 for meals, hotel and commute mileage from his Bogalusa home to the Board office in Baton Rouge while improperly serving as the executive director of the office. The reimbursements were not in compliance with the state's travel policies and were made without the knowledge or approval of the Board.

The Louisiana State Association of Barbers, Cosmetologists and Allied Industries, Local 496 acts as a collector and transmitter of Board fees for apprentices and barbers.

The Board has relinquished some of its responsibilities and duties to Local 496.

- The Board has accepted Local 496 waivers of delinquent fees. However, state law does not provide for the waiver of delinquent fees.
- The Board has allowed Local 496 to perform shop inspections and issue certificates of inspection.

## Background

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The Louisiana State Board of Barber Examiners was created within the Department of Labor to regulate the barbering industry in the state. The Board is charged with administering examinations, licensing barbers and barber schools, and registering and inspecting barbershops. It is funded entirely by self-generated fees.

The Board consists of five members appointed by the Governor who serve staggered terms of six years. James Adams, Bogalusa, is the chairman of the Board. The remaining Board members are Gerald Breaux, Cut Off; Jessie Handy, Monroe; Bobbie Favaron, Baton Rouge; and Gervis Ned, Lake Charles.

Mr. Adams, while serving as chairman of the Board, also improperly held the position of executive director from Dec. 10, 2000 to June 25, 2001.

During its Dec. 10, 2000 meeting, the Board voted to create the position of full-time executive director and hired Mr. Adams for the position with a \$40,000 salary plus benefits. After our investigation began, Mr. Adams resigned as executive director at the June 25, 2001 Board meeting. During that same meeting, the Board hired Sharon Cobb as executive director.

The Board and Local 496 are co-sponsors of the Barber Apprenticeship Program. The program is an option, which may be substituted for attending barber school. The program standards require each apprentice to obtain 4,000 hours of on-the-job training under a master barber and 144 hours of related instruction per year for a total of two years. Upon completion of the program, apprentices are eligible to take the barber examination to be licensed to practice within the state.

Local 496 has a close relationship with the Board, collecting fees, waiving delinquent fees, doing inspections and participating in joint activities.

## Executive Director Travel Reimbursements

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From December, 2000 through April, 2001, Mr. Adams wrongfully received travel reimbursements totaling \$6,000 as executive director.

Mr. Adams resides in Bogalusa, a two and one-half hour 133-mile commute from the Baton Rouge Board office. The Board office is open from 7 a.m. to 5:30 p.m., Monday through Thursday. Mr. Adams chose to stay in hotels from Monday through Wednesday every week. He requested, approved and received reimbursement for his hotel and meal expenses during his stay in Baton Rouge and commute mileage reimbursement for his travel, all without Board knowledge or approval.

The state's travel policies and procedures (PPM 49), to which the Board is subject, prohibit reimbursements for commute mileage to and from an employee's home and for hotel stays and meals within an employee's official work domicile. Mr. Adams' official work domicile as executive director was Baton Rouge. Any exemption from this procedure required written approval by the Commissioner of Administration, which was not obtained.

## Fees

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By relying on Local 496, the Board has failed to do its job in ensuring the timely collection of fees, licensing applicants and maintaining adequate records. The Board has increased risk of errors and misappropriations and cannot ensure that all those practicing are properly licensed.

Persons should be aware that their financial obligations to the Board are not fulfilled until the Board receives the money.

Local 496 submits a letter to the Board along with the fees collected which lists the names of the individuals and/or businesses from whom fees were collected, the amount from each, and the reason for the collection. However, the Board office does not retain the letters. Therefore, the Board has no record of the total amount of fees collected by Local 496 or from whom they were collected. According to Local 496 President Russell Christ, Local 496 issues receipts when fees are collected. However, copies of the receipts are not submitted with the monies.

A large portion of the fees collected is in cash, which is in turn transmitted to the Board by either a Local 496 check or the personal check of Mr. Christ. Fees collected in the form of checks or money orders are passed to the Board in the form they are collected. The collection of fees by anyone other than the Board increases the risk of misappropriations and loss of funds.

A Local 496 transmittal letter was received at the Board office during this audit and was reviewed. It was found that an accompanying apprenticeship agreement form was signed and dated two months prior to the date of the letter. When interviewed, the apprentice stated that he began working under a master barber immediately upon completing the agreement form. Since the agreement and accompanying fees were not transmitted to the Board until two months later, the apprentice was working without an apprenticeship license in violation of state law. This probably would not have occurred if the Board had collected the fees directly.

Mr. Adams acknowledged that employees of Local 496 have been collecting Board fees. He stated that it is convenient for both the Board and the barbers.

## Responsibilities Shirked

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The Board has relinquished some of its duties and responsibilities to Local 496. State law defines the duties and responsibilities of the Board, as well as the fees charged for services rendered. State law does not allow the Board or anyone to waive delinquent fees. However, the Board has accepted Local 496 waivers of delinquent fees. In addition, state law only allows the Board, its agents or its employees to inspect barbershops. The Board has allowed Local 496 to inspect barbershops, but no agent agreement could be provided.

### **A. Improper Waiver of Delinquent Fees**

State law establishes the various fees of the Board. Annual renewal fees are due and payable no later than January 31 of each year. If payment is received after January 31, but before March 31, an additional charge of \$10 shall be levied as a penalty. If payment is received after March 31, an additional charge of \$20 shall be levied as a penalty. State law does not provide for the waiver of delinquent fees.

Mr. Christ, the paid president of Local 496, waives delinquent fees when collecting license fees. He stated that he waives delinquent fees when he feels it is necessary. According to the Shirley Jones, who was recently discharged from her position as office secretary and was responsible for issuing licenses, she would question the waivers but Mr. Adams would disregard her questions and instruct her to issue the licenses.

### **B. Inspections**

State law specifies that all inspectors shall be barbers who have had at least five years experience in this state and that only Board members, its employees or its agents shall perform shop inspections.

James Moore, who is the paid employee of Local 496 as its apprenticeship coordinator, is performing shop inspections and issuing certificates of inspection. Mr. Moore stated that he only performs shop inspections and issues Board certificates of inspection when he is signing up an apprentice to work in a shop that has not been registered with the Board and/or has not been inspected. He stated that he obtains blank inspection certificates from the Board office. Mr.

Moore said the appropriate Board inspector follows up on his inspections. However, the Board does not have documentation of any follow up inspections.

While state law permits the Board to use “agents” to perform inspections, Mr. Adams stated that he was not aware that Mr. Moore was performing shop inspections and issuing certificates of inspection. However, certificates signed by Mr. Moore as the inspector along with fees collected are submitted to the Board office. Additionally, Ms. Jones stated that Mr. Moore received blank certificates from Mr. Adams at the Board office and possibly from Board inspectors.

One certificate completed and signed by Mr. Moore was received at the Board office during this audit and was reviewed. The certificate was dated May 11, 2001.

A formal agreement was not found in the Board’s records specifying Local 496 employees as agents of the Board. Using non-state employees as “agents” raises a serious question regarding the state’s liability for any actions of the “agents.”

*Conclusions:*

1. James Adams wrongfully received reimbursements totaling \$6,000 for travel expenditures. The reimbursements were not allowed by the state’s travel policies and procedures and the Board was unaware of the reimbursements.
2. The Board failed to do its job in ensuring the timely collection of fees, licensing applicants and maintaining adequate records, because it relied on Local 496 to collect fees without retaining supporting documentation. The Board also increased its risk of errors and misappropriations and cannot ensure that all those practicing are properly licensed.
3. The Board has allowed Russell Christ, president of Local 496, to waive delinquent fees. State law does not provide for the waiver of delinquent fees.
4. The Board has allowed James Moore, apprenticeship coordinator of Local 496, to perform shop inspections and issue certificates without a written agency agreement between Mr. Moore and the Board, thereby exposing the

state to liabilities for his actions, none of which were subjected to state control or oversight.

5. Performance of services for the Board by paid employees of Local 496 may be a conflict of interest.

*Recommendations:*

1. The Board should recoup the \$6,000 in travel reimbursements to Mr. Adams which were not allowed by PPM 49.
2. The Board should maintain documentation supporting the collection of fees and the licensing of applicants.
3. The Board should not waive delinquent fees imposed by state law.
4. If the Board chooses to delegate any of its responsibilities to an agent, it should execute a written agency agreement detailing the agent's duties and responsibilities and ensure the agent is adequately trained and supervised.
5. If the Board wishes to appoint Local 496 employees as its agents, the Board should request an advisory opinion from the Louisiana Board of Ethics.
6. The report should be referred to the Louisiana Board of Ethics and the Office of Risk Management.

*Management Response:*

A response from the Board of Barber Examiners is attached.

***IG Comment:***

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Mr. Adams should repay all of the \$6,000 in travel reimbursements to which he was not entitled.

The Board's response notwithstanding, Mr. Christ stated specifically that he did, in fact, waive delinquent fees.

We repeat, that neither the Board nor anyone else has the authority to waive delinquent fees.

Again the Board's response notwithstanding, during the preparation of this report, Mr. Moore stated he was inspecting barbershops.

Ms. Jones stated that Mr. Adams handled all checks and accompanying transmittal letters received from Local 496.

BL/CS/rp

1-01-0056

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September 26, 2001

**VIA FACSIMILE (225) 342-6761**  
**AND U. S. MAIL**

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Re: James A. Adams/ Board of Barbers Examiners  
Your File No. 1-01-0056

Dear Mr. Lynch:

The following will serve as a reply to your draft report in the above matter dated September 19, 2001.

1. Executive Director Travel Reimbursements - Mr. Adams acknowledges that the reimbursements detailed in the report must be repaid. Given the inadvertent nature of this error, he requests that the reimbursement be the sole monetary fine levied upon him by the State. Mr. Adams would like to reduce the amount owed by half, to reflect the fact that any new executive director would have some start up time and initial expenses at the beginning of their term.
2. Fees - UFCW Local 496, which preexisted the Louisiana State Barbers Board, has as a courtesy turned in delinquent fees to the Barbers Board when the Local, in administering their duties found that Barbers had not made their payments to the Board. This practice has existed since the first days of the Barbers Board. However, given the concerns and regulations cited in the draft report, the Board will cease use of Local 496 personnel to collect and transmit fees to the Board until an opinion has been gotten from the Board of Ethics, and an agency agreement entered.

3. Apprentices Fees - Local 496 administers the Apprentices Program, as designated under state law. Just as barber schools collect fees, Local 496 collected apprentices fees. Again, the Board agrees that the Local should not collect any more fees for the Board until the Ethics Board has issued an opinion on whether this is permissible and further that an agency agreement has been entered into by the Board and the Local.
4. Apprentices Agreements - Russell Christ of Local 496 acknowledges that occasionally an apprenticeship agreement form would be held by Local 496 for a short period of time after it was received. This was only if an application was incomplete, however.
5. Delinquent Fees - Mr. Adams and the Board disagree with the statements made at page 5 of the draft report regarding improper waiver of delinquent fees. Mr. Christ does not have the power to waive delinquent fees. He has never "waived" any delinquent fees. In the course of collecting fees he has forwarded portions of fees when the submittee has not had the entire amount owed.

Barber Board President Jimmy Adams estimates that there have been no more than approximately a half dozen instances where a portion of a fee has been forgiven. The Barber Board itself has forgiven these fees in these instances and not Russell Christ. Mr. Adams reports that these few occasions occurred only where there were compelling personal circumstances that militated in favor of forgiving a portion of a fee. For instance, a barber who had given birth to a hydrocephalic child and had not worked as a barber for one year, was permitted to submit the fee of a new barber without any delinquency fee, given her personal circumstances.

6. About a year and a half ago the Local became aware that James Moore, the employee of the Local and *a former inspector of the Barber's Board*, had turned in registration forms. When Russell Christ of the Local found out that this had occurred he instructed Mr. Moore that he was to cease this immediately. He also informed Mr. Moore that if he found any problems in barber shops he passed through that he as to call the Barber Board inspectors. Mr. Moore inspected only a small number of shops before he was instructed to cease by Mr. Christ. This has not occurred since and will not occur again. Mr. Adams has never provided inspection certificates to anyone who was not a current Barber Board inspector.

Final recommendations. The Board will improve its documentation of fee collection and licensing. Mr. Adams had ordered that all checks and accompanying transmittal letters from Local 496 be kept on file, but Ms. Jones failed to do so. The Board will cease waiving delinquent fees imposed by state law. The Board will not delegate any of its responsibilities to any outside agent absent a written agency agreement detailing the agent's duties and responsibilities. The Board will

Mr. Bill Lynch  
Office of the Inspector General  
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not delegate any responsibilities to Local 496 employees until it has received an advisory opinion from the Louisiana Board of Ethics and entered into an agency agreement with them. Further, James Adams will repay travel reimbursements to settle the Inspector General and Board of Ethics' investigations.

Please contact me with any questions or comments you may have. We thank you for your staff's and your own efforts to quickly and effectively resolve these concerns.

Very truly yours,

A handwritten signature in black ink, appearing to read 'E. K. Newman', with a large, stylized circular flourish above the name.

Edward K. Newman

EKN/dss

cc: Mr. James Adams, Louisiana Barber Board  
Mr. Russell "Buddy" Christ

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