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# STATE OF LOUISIANA LEGISLATIVE AUDITOR

**Madison Parish Police Jury**  
Tallulah, Louisiana

July 16, 1996



*Investigative Audit*

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*Daniel G. Kyle, Ph.D., CPA, CFE*  
*Legislative Auditor*

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### LEGISLATIVE AUDITOR

**Daniel G. Kyle, Ph.D., CPA, CFE**

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Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

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**Madison Parish Police Jury**

**July 16, 1996**



**Investigative Audit  
Office of the Legislative Auditor  
State of Louisiana**

**Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor**



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DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

July 16, 1996

**THE HONORABLE MOSES WILLIAMS, SR.,  
PRESIDENT, AND MEMBERS OF THE  
MADISON PARISH POLICE JURY**  
Tallulah, Louisiana

Transmitted herewith is our investigative report on the Madison Parish Police Jury. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

This report presents our finding and recommendation. Copies of this report have been delivered to The Honorable James David (Buddy) Caldwell, District Attorney for the Sixth Judicial District of Louisiana, Mr. Michael Skinner, U.S. Attorney for the Western District of Louisiana, and others as required by state law.

Respectfully submitted,

A handwritten signature in cursive script, reading "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

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[MADISON]

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# Executive Summary

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## Investigative Audit Report Madison Parish Police Jury

The following summarizes the finding and recommendation that resulted from our investigation of the Madison Parish Police Jury. Detailed information relating to the finding and recommendation may be found at the page number indicated.

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### Secretary-Treasurer Paid Herself Excessive Salary

(Page 1)

**Finding:**

Ms. Jewel Claxton, secretary-treasurer, paid herself \$118,672 more than her authorized salary during the period January 1993 through April 1996.

**Recommendation:**

We recommend that the police jury implement procedures to require that its finance committee review all disbursements and associated support before the issuance of checks. In addition, we recommend that the police jury implement adequate segregation of duties between the check writing function and the reconciliation of its bank accounts. Also, the police jury should discontinue the practice of using signature stamps for signing checks. We also recommend that the police jury review bank activity beginning with 1993 through the present for all its accounts to determine whether additional unauthorized payments were made. In addition, we recommend that the police jury adopt and distribute to all employees a written policy regarding the handling of employee fraud. Finally, we recommend that the District Attorney for the Sixth Judicial District of Louisiana and the U.S. Attorney for the Western District of Louisiana review this matter and take appropriate legal action, to include seeking restitution.

**Management's Response:**

On July 10, 1996, we presented our preliminary finding to Mr. Moses Williams, president, and Mr. Michael Lancaster, legal counsel for the police jury. Mr. Williams indicated that upon the issuance of our report, the police jury, as a whole, would consider its contents and, with the assistance of legal counsel, take appropriate action.

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# Background and Methodology

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The Legislative Auditor received allegations of improper transactions of the Madison Parish Police Jury. On February 19, 1996, the Madison Parish Police Jury requested that the Legislative Auditor perform an audit of the police jury. This examination was performed to determine the propriety of the allegations received and to address other matters that came to our attention. Our procedures included (1) interviewing certain current and prior officials and employees of the police jury, (2) examining selected police jury documentation, (3) making inquiries and performing tests to the extent we considered necessary to achieve our purpose, and (4) reviewing applicable police jury policies, Louisiana laws, and federal statutes.

The result of our investigation is the finding and recommendation presented herein.

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# Finding and Recommendation

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The following finding contains abbreviated references to Louisiana Revised Statutes (LSA-R.S.) and federal laws, which are explained in detail in the Legal Provisions section of this report (Attachment II).

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## **SECRETARY-TREASURER PAID HERSELF EXCESSIVE SALARY**

**Ms. Jewel Claxton, secretary-treasurer, paid herself \$118,672 more than her authorized salary during the period January 1993 through April 1996.**

Ms. Claxton was employed by the Madison Parish Police Jury (police jury) on February 17, 1975. She was appointed secretary-treasurer on June 19, 1985. During the period 1993 through 1996, the police jury authorized Ms. Claxton to receive an annual salary of \$49,279. However, in addition to her authorized salary, Ms. Claxton paid herself \$14,533 during 1993, \$38,487 during 1994, \$43,694 during 1995, and \$21,958 during the first four months of 1996. In total, during this period, Ms. Claxton paid herself \$118,672 more than that authorized by the police jury.

Ms. Claxton stated that, during the period questioned, she knew that she was paying herself more than her authorized salary. Further, Ms. Claxton acknowledged that she was not entitled to the excess payments and that she made these payments to herself without the police jury's knowledge. According to Ms. Claxton, she originally intended to repay the extra checks back to the police jury. However, Ms. Claxton stated that once she realized that she could not reimburse the police jury for these extra paychecks, she continued to write checks to herself without any intent to repay the money. Ms. Claxton further stated that she did not include these excess payments in her total wages reported to the IRS and failed to report the extra income on her personal tax returns.

While Ms. Claxton's regular paychecks were processed through the police jury's payroll system and were properly recorded in the financial records, she did not properly record her extra checks. Instead, according to Ms. Claxton, she posted these extra checks to various accounts to make the police jury's books balance. She further informed us that, upon receiving the bank statements each month, she would remove her extra paychecks. This effectively concealed the existence of these extra checks.

The police jury's checking accounts require that both the president and the secretary-treasurer sign all checks. According to Ms. Claxton, on occasion, she used a signature stamp to sign the name of the former president, Mr. Thomas Joe Williams, to some of her extra checks. Ms. Claxton claimed that she did not sign the name of the current president, Mr. Moses

Williams, on any of the extra checks. However, after reviewing the paychecks to Ms. Claxton dated during 1996, Mr. Moses Williams indicated that some of the signatures were not his.

By knowingly issuing herself paychecks in amounts greater than her authorized salary and by not reporting this additional income to the IRS, Ms. Claxton may have violated one or more of the following laws:

- LSA-R.S. 14:67, "Theft"
- LSA-R.S. 14:134, "Malfeasance in Office"
- LSA-R.S. 14:138, "Payroll Fraud"
- LSA-R.S. 42:1461(A), "Obligation Not to Misappropriate"
- LSA-R.S. 47:1642, "State Income Tax Evasion"
- Title 18, U.S.C., Section 666 "Theft Concerning Programs Receiving Federal Funds"
- Title 26, U.S.C., Section 7201 "Tax Evasion"
- Title 26, U.S.C., Section 7203 "Failure to File Return and/or Pay Tax"
- Title 26, U.S.C., Section 7206(1) "Filing False Return"

We recommend that the police jury implement procedures to require that the finance committee review all disbursements and associated support before the issuance of checks. This review should be adequately documented in the police jury records. In addition, we recommend that the police jury have someone other than the individual authorized to sign checks prepare the monthly bank reconciliations. Every effort should be made to separate the duties of (1) access to police jury assets, (2) accounting for police jury assets, and (3) authority to purchase or disburse police jury assets. Also, the police jury should discontinue the practice of using signature stamps for signing checks.

As noted above, Ms. Claxton removed the canceled checks associated with her extra paychecks from the bank statements. We also noted that canceled checks for other police jury bank accounts were missing. Therefore, we recommend that the police jury review the activity of all its accounts to determine whether additional unauthorized payments were made. This review should include at least the period 1993 through the current period. After satisfying itself that the total amount of misappropriated funds is known, the police jury should take steps to obtain reimbursement of the public funds, to include contacting the police jury's bonding agency.

In addition, we recommend that the police jury adopt a policy stating that employee fraud will be fully investigated and submitted to the appropriate authorities for prosecution. This policy should be established in writing, communicated to all employees, and strictly enforced.

Furthermore, we recommend that the District Attorney for the Sixth Judicial District of Louisiana and the U.S. Attorney for the Western District of Louisiana review this matter and take appropriate legal action, to include seeking restitution.



# Attachment I

## Management's Response

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# Management's Response

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On July 10, 1996, we presented our preliminary finding to Mr. Moses Williams, president, and Mr. Michael Lancaster, legal counsel for the police jury. Mr. Williams indicated that upon the issuance of our report, the police jury, as a whole, would consider its contents and, with the assistance of legal counsel, take appropriate action.

**Attachment II**  
**Legal Provisions**

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# Legal Provisions

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The following legal citations are referred to in the Finding and Recommendation section of this report:

**LSA-R.S. 14:67** 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.

**LSA-R.S. 14:134** provides, in part, 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; (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.

**LSA-R.S. 14:138(2)** provides, in part, that payroll fraud is committed when any public officer or public employee shall pay any employee, with knowledge that such employee is receiving payment or compensation for services not actually rendered by said employee or for services grossly inadequate for such payment or compensation.

**LSA-R.S. 42:1461(A)** provides that 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. The breach of an obligation established under this Section gives rise to an action in favor of the public entity for the recovery of any such funds, property, or other things of value and for any other damages resulting from the breach.

**LSA-R.S. 47:1642** provides, in part, that any person who willfully fails to file any return or report to be filed under LSA-R.S. Title 47, or who willfully files or causes to be filed, with the collector, any false or fraudulent return, report or statement, or who willfully aids or abets another in the filing with the collector of any false or fraudulent return, or statement, with the intent to defraud the state or evade the payment of any tax, fee, penalty or interest, or any part thereof, shall be subject to criminal penalty for evasion of tax.

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**Title 18, U.S.C., Section 666** provides, in part, that theft concerning programs receiving federal funds occurs when an agent of an organization, state, local, or Indian tribal government or any agency thereof embezzles, steals, obtains by fraud, or otherwise intentionally misapplies property that is valued at \$5,000 or more and is owned by or under control of such organization, state, or agency when the organization, state, or agency receives in any one year period, benefits in excess of \$10,000 under a federal program involving a grant, contract, or other form of federal assistance.

**Title 26, U.S.C., Section 7201** provides, in part, that any person who willfully attempts in any manner to evade any tax imposed by the Internal Revenue Code or the payment thereof shall, in addition to other penalties provided by law, be guilty of a felony.

**Title 26, U.S.C., Section 7203** provides, in part, that any person required under the Internal Revenue Code to pay any estimated tax or tax, or required to make a return, keep any records, or supply any information, who willfully fails to pay such estimated tax or tax, make such return, keep such records, or supply such information, shall, in addition to other penalties provided by law, be guilty of a misdemeanor.

**Title 26, U.S.C., Section 7206(1)** provides, in part, that any person who willfully makes and subscribes any return, statement, or other document, which contains or is verified by a written declaration that it is made under the penalties of perjury, and which he does not believe to be true and correct as to every material matter shall be guilty of a felony.