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**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

Provisions of state and federal law require that certain financial statements of public entities be audited by a certified public accountant. The report is prepared in accordance with the standards of the Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below other than the purpose for which this report has been requested or for any other purpose.

To the Mayor and Board of Aldermen
Town of Arcadia
810 South Railroad Avenue
Arcadia, Louisiana 71001

Release Date 2/16/99

I have performed the procedures enumerated below, which were agreed upon by management of the Town of Arcadia, solely to assist the users in evaluating the propriety of revenue generated by fines for the year ended December 31, 1996, to evaluate whether cash and other related assets are properly accounted for, and to evaluate the applicable internal control structure. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below other than the purpose for which this report has been requested or for any other purpose.

In connection with this engagement, the following specified procedures were performed:

1. Perform procedures sufficient to determine that all traffic tickets issued by the Arcadia Police Department have been properly accounted for and that fines resulting from these tickets were properly deposited into the appropriate fund.

To determine the ticket numbers to be accounted for, I scheduled all ticket numbers beginning with the lowest ticket number logged by the town cashier with a 1996 date (#444) and ending with the last number entered (#2340). This gave me a total of 1,907 tickets to be accounted for. I traced all of the tickets within that range, whether issued in 1996 or prior to 1996, from the ticket log maintained by the town cashier to my schedule. This procedure showed that 1,500 tickets were not logged and that ticket books had been issued to officers out of sequence. I scanned the 1996 and 1997 receipt book, the 1996 event docket, and the December 31, 1996 outstanding bench warrant list to determine whether the town cashier had failed to log any of the tickets written and, as a result, added 20 1996, 26 1996 tickets, and 2 1997 tickets to the ticket log. I examined 1,039 traced tickets and 2 void tickets on hand at town hall. From examination of the ticket log, officer sign-out sheets, and ticket copies, I determined the following:

MEMBER AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

RESIDENT OF LOUISIANA
LICENSED PUBLIC
ACCOUNTANT

FEDERAL TAX OPINION BY
INDEPENDENT
ACCOUNTING, AN OFFICE
OF PETERSON & PETERSON

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TOWN OF ARCADIA

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Tickets to be accounted for	1,907
Written prior to 1996	(394)
Written in 1996	(241)
Written in 1997	(32)
Signed out to officers in 1997	(51)
On hand and not signed out	(1,039)
On hand and voided	<u>(2)</u>
Tickets not accounted for	<u>98</u>

I attempted to trace the 241 tickets written in 1996 from the ticket log to the receipt book maintained by the cashier and/or a deposit, district court records, a bench warrant, or evidence of nolle pro on the court docket. The results were:

Tickets to be accounted for	241
Traced to receipt book	(72)
Traced to district court records	(11)
Traced to outstanding bench warrant list	(45)
Traced to evidence of nolle pro on the court docket	(6)
Paid per docket (no receipt to support payment)	(4)
Community service to be performed per court docket	(1)
Set for trial in 1997	(2)
Transferred to juvenile court	(7)
Court day reset (not found on later dockets)	(5)
Disposition per ticket log however, not supported by documentation such as district court records or magistrate's court docket:	
Processed in district court	(7)
Nolle pro	(47)
Bench warrants issued	<u>(4)</u>
Tickets not accounted for	<u>32</u>

I included all receipts from the receipt book maintained by the town cashier and attempted to trace the receipts to a bank deposit and to posting in the correct fund and account in the general ledger. Ten receipts totaling \$1,152 could not be traced to a deposit or to the general ledger. Three receipts dated August 2, 1996 were included in a deposit dated November 5, 1996. Two receipts were marked "VOID". For these two, the original receipt was not present and the "VOID" mark was made in ink on the carbon copy, which indicates that the original

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receipt was not present when the receipt was voided. Except for four entries totaling \$694, all entries posted to the fines revenue account were supported by receipts and/or tickets. Of the \$804, \$532 should have been recorded as fines revenue from district court, \$112 was determined to be a redeposit of a check returned for insufficient funds, and \$460 could not be identified.

During these procedures, I also noted that deposit slips did not always accurately reflect the makeup of the deposit (i.e., total cash and total check amounts).

The cost involved in further investigation of the above mentioned discrepancies would outweigh any benefit derived. However, in connection with procedure number 3 below, I have made recommendations for improvements to the internal control structure that, if followed, should prevent or detect future misstatements or misappropriation of revenue. I also discussed Louisiana Revised Statute (LSA-RS) 12:298.2 which states that the chief must require all officers under his supervision to return a copy of every citation whether issued or voided and a law requires that the chief maintain a record of the disposition of each charge.

2. Perform procedures sufficient to determine whether cash and other assets seized from incarcerated individuals is properly accounted for and returned intact.

I inquired of the chief of police and the assistant chief of police as to the proper procedures for seizing and accounting for cash and other assets from incarcerated individuals. I examined an investigative report prepared on a particular incident which occurred during 1996. According to the report, procedures prescribed by the department were not documented or followed. The report further stated that arrest reports indicated that cash totaling approximately \$1,340 and other items were seized from three incarcerated individuals and cash and other items could not be located when release of the items was ordered by the court.

Only two of three evidence receipts could be located by the investigator. The defendants, who have indicated their intent to file suit against the town, declined an interview with me. I interviewed the officers involved, however, they could not provide evidence as to the disposition of the cash and other items. Because a receipt is missing and the arrest report for that individual does not state the exact amount of cash seized, the town has not returned the cash from general funds. The district attorney has indicated that there is not enough evidence to proceed with prosecution. I recommended that the town return the cash based on the two receipts found and the minimum amount stated in the arrest report. Further, I recommended that the town strengthen its internal control over cash and other assets seized from incarcerated individuals.

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3. Evaluate the applicable internal control structure. Report any improvements needed.

As discussed above, I inquired of the chief of police and the assistant chief of police as to the proper procedures for seizing, recording, and tagging personal items and evidence seized from incarcerated individuals. I examined storage areas at town hall. Further, I inquired of the chief of police, assistant chief of police, and town clerk as to procedures for issuing, issuing, collecting, and recording traffic tickets. From a review of the procedures described to me by the individuals noted above and the procedures performed by me, I determined that the following improvements are needed:

1. All procedures relating to the issuing, recording, and processing of tickets and to the seizure of cash and other items from incarcerated individuals should be documented in written form.
2. All officers should be instructed in procedures for use of tickets and confiscating cash and other personal belongings or evidence from individuals.
3. Seized property should be stored in a secure, orderly fashion.
4. All transfers of cash and other items seized from one individual to another should include the giving of a signed receipt to the surrendering individual.
5. Officers should be required to surrender used ticket books prior to obtaining a new book.
6. Tickets should be issued to officers in numerical order.
7. Officers should issue tickets to offenders in numerical order.
8. Ticket copies should be filed in a logical manner, such as; copy 1 - numerical order; copy 2 - retained in book, filed by officer; copy 3 - district court, when applicable.
9. The individual responsible for collecting fines and costs should not also maintain the ticket log and court minutes and make deposits. As recommended in a previous audit, the town should hire an additional employee for the position of town cashier whose duties would be to collect all taxes, fines, permits, water and sewer service payments, etc. The water clerk would continue to be responsible for maintaining subsidiary accounts receivable records and the town clerk would be responsible for making deposits and recording the receipts in the accounting records.
10. The ticket log should be maintained in ticket number order.
11. Every ticket, whether *motu proprio*, void, paid prior to court date, or prosecuted in district court should be listed on the ticket log.
12. The ticket log should include the receipt number, where applicable.
13. Every ticket should be listed on the court docket to provide a record of suits.

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- gives, prosecution in district court, and waivers.
14. Court minutes should be maintained as required by LSA-RS 33:421.
 15. Deposit slips should accurately reflect cash and check amounts being deposited.

While performing the specified procedures I noted the following:

1. Three officers resigned in April, 1997, as a result of an investigation alleging stolen supplies.
2. One of the officers who resigned has not relinquished his weapon to the police chief, but intends to purchase the weapon. That individual remains employed by the town water department.
3. The town is in the process of hiring a dispatcher for the police department whose duties were to include dispatching officers, recording all town issued tickets, collecting fines, making deposits, and attending magistrate court. As discussed above, the same individual cannot collect money, make deposits, and keep records. If it is not economically feasible to hire a town cashier and a dispatcher, the duties of maintaining the ticket log and court minutes should be performed by an existing employee, other than the individual collecting the money or making deposits.

I was not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of the specified users noted above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.



West Monroe, Louisiana
June 27, 1997