

ORIGINAL
BILL COPY
NO. 1000 5/20/00
Original documents
cannot take the
place and replace
them in files

STATE OF LOUISIANA LEGISLATIVE AUDITOR

City of Bunkie
Bunkie, Louisiana

August 14, 1999



Investigative Audit

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



LEGISLATIVE AUDIT ADVISORY COUNCIL

MEMBERS

Representative Francis C. Thompson, Chairman
Senator Harold C. Bean, Vice Chairman

Senator Robert J. Barkan
Senator Wilson E. Fields
Senator Thomas A. Green
Senator Craig F. Romers
Representative F. Charles McMalin, Jr.
Representative Edwin R. Murray
Representative Warren J. Triche, Jr.
Representative David Vitter

LEGISLATIVE AUDITOR

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

DIRECTOR OF INVESTIGATIVE AUDIT

Allen F. Brown, CPA, CFE

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.

City of Bunkie

August 14, 1996



Investigative Audit
Office of the Legislative Auditor
State of Louisiana

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

Table of Contents

Legislative Auditor's Transmittal Letter	v
Executive Summary	vii
Background and Methodology	ix
Findings and Recommendations	1
Schedule A.....	3
Attachment I.....	Management's Response
Attachment II.....	Legal Provisions



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BAYOU BOULEVARD, LOUISIANA, 70004-6097

400 NORTH BARRIS STREET
SUITE 2000 - NEW ORLEANS
LOUISIANA 70002-3000
TELEPHONE: (504) 389-6800
FACSIMILE: (504) 389-6726

DANIEL G. KYTE, PH.D., CPA, CFE
COMMISSIONER

August 14, 1995

**THE HONORABLE JOHN GUILLORY, MAYOR,
AND MEMBERS OF THE BOARD OF ALDERMEN
Barkie, Louisiana**

Transmitted herewith is our investigative report on the City of Barkie. Our investigation was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to address certain information received by this office related to ad valorem tax deposits for the 1995 tax year.

This report presents our finding and recommendation as well as the response of the city's management. Copies of this report have been delivered to The Honorable Eddie Kwoll, District Attorney for the Twelfth Judicial District of Louisiana, and other authorities as required by state law.

Respectfully submitted,

Daniel G. Kyte, CPA, CFE
Legislative Auditor

APK:mf

000000

Executive Summary

Investigative Audit Report City of Bunkie Ad Valorem Tax Deposits

The following summarizes the finding and recommendation that resulted from this investigation. Detailed information relating to the finding and recommendation may be found at the page number indicated.

Funds Taken for Personal Use

(Page 1)

Finding:	During the period November 1993 through April 1996, it appears that ad valorem taxes amounting to at least \$6,400 were collected but were not deposited in the city's bank account. Ms. Vanessa Basile, the city employee responsible for making these deposits, stated that she borrowed money from the city's ad valorem tax collections and did not repay it.
Recommendation:	We recommend that management of the City of Bunkie implement control procedures to ensure that all funds collected are properly deposited in the city's bank account. The procedures should include, at a minimum, daily deposits and monthly reconciliations of all accounts. Bank reconciliations should be performed by someone other than the employee who prepares the deposits. Also, the city should periodically reconcile ad valorem tax, occupational license fees, water fees, and other collections to the actual deposits. In addition, we recommend that the District Attorney for the Twelfth Judicial District review this matter and take appropriate legal action to include seeking restitution.
Management's Response:	Management of the City of Bunkie agreed with the recommendation and is implementing control procedures to address the various weaknesses pointed out in this report.

Background and Methodology

In a letter dated April 10, 1996, Mr. Kenneth J. Brezant, Certified Public Accountant (CPA), notified the Legislative Auditor that the City of Bankia discovered certain facts which suggest the possibility that an illegal act had been committed. Members of the Investigative Audit Division met with Mr. Brezant and Mr. Pete Meyerus, CPA, and reviewed documentation indicating that, during the period of November 1995 and April 21, 1996, ad valorem tax collections were not properly deposited in the city's bank account. To address this issue, we performed the following procedures:

- (1) Reviewed documentation prepared by the city's independent auditors;
- (2) Examined City of Bankia records;
- (3) Interviewed certain city employees;
- (4) Reviewed Louisiana laws applicable to our investigation; and
- (5) Made inquiries and observations to the extent we considered necessary to achieve our purpose.

Finding and Recommendation

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

FUNDS TAKEN FOR PERSONAL USE

During the period November 1995 through April 1996, it appears that ad valorem taxes amounting to at least \$6,400 were collected but were not deposited in the city's bank account. Ms. Vanessa Basile, the city employee responsible for making these deposits, stated that she borrowed money from the city's ad valorem tax collections and did not repay it.

Between November 30, 1995, and April 22, 1996, the city made 22 deposits totaling \$237,924 for its ad valorem tax collections. However, the city's 1995 tax assessment rolls, less adjustments and unpaid taxes, indicate that the city collected \$242,060. Therefore, \$4,136 was collected but not deposited in the city's bank account.

During April 1996, the city's auditor attempted to reconcile 1995 ad valorem tax collections to actual deposits. The city's auditor discovered the shortage and noted that the composition (checks and cash) of the ad valorem tax deposits did not match the supporting receipts. The two largest differences were for deposits made on February 9 and February 20, 1996. Ms. Basile confirmed that she prepared these deposits. We analyzed these two deposits and found that cash collected by the city had not been properly deposited. The deposits further indicate that checks received by the city had been substituted for cash concealing the fact that all cash collected was not deposited in the city's bank account.

The receipts supporting the February 9, 1996, deposit indicate collections of \$1,420 in cash and \$2,773 in checks. However, the deposit actually included cash of \$294 and \$3,903 in checks. An examination of the deposit detail further indicated that a total of \$2,364 in checks were included in the deposit that were not payments for ad valorem taxes. These checks were for occupational licenses, beer and liquor licenses, and water fees. Therefore, checks not associated with the supporting receipts were included in the deposit.

The supporting receipts for the February 20, 1996, deposit indicate that the deposit should contain \$3,297 in cash and \$1,046 in checks for a total of \$4,343. However, the actual deposit contained \$390 cash and \$4,373 in checks. The deposit included checks totaling \$3,073, which do not match the supporting tax receipts.

Ms. Bazile informed us that when customers paid their ad valorem taxes, the cash and checks along with the pink and yellow copies of the tax bills were placed in the ad valorem tax drawer. She stated that she was responsible for preparing ad valorem tax deposits and that these funds were not commingled with other city fees. Ms. Bazile indicated that cash and checks per the receipts should match cash and checks per the deposits.

During this interview, Ms. Bazile informed us that she borrowed a portion of the ad valorem tax collections and did not repay it. Ms. Bazile provided us with a signed statement that "During the past year, money had been taken out of the ad valorem tax deposit and checks were substituted. This money was taken with every intent of being returned. I would have returned it had the missing funds not been discovered when they were. It is my intent to repay any missing funds from the ad valorem tax deposits."

By taking ad valorem tax collections for her own personal use, Ms. Bazile may have violated one or more of the following Louisiana laws:

- LSA-R.S. 14:67, "Theft"
- LSA-R.S. 14:124, "Malfeasance in Office"
- LSA-R.S. 14:68, "Unauthorized Use of a Movable"
- LSA-R.S. 42:1461, "Fiduciary Duty"

Because the city does not have the detail of each deposit made and does not have reconciliations of the various fees collected, it presently is not possible to determine the full effect the substitution scheme may have had on all of the city's accounts. However, based on the records examined, it appears that, in addition to the \$4,156 in ad valorem taxes that were not deposited, at least \$2,264 in checks were included in the deposits that were not payments of ad valorem taxes. Therefore, it appears that ad valorem deposits were short at least \$6,400.

We recommend that management of the City of Bossier implement control procedures to ensure that all funds collected are properly deposited in the city's bank accounts. The procedures should include, at a minimum, daily deposits and monthly reconciliations of all accounts. Bank reconciliations should be performed by someone other than the employee who prepares the deposits. Also, the city should periodically reconcile ad valorem tax, occupational license fees, water fees, and other collections to the actual deposit. In addition, we recommend that the District Attorney for the Twelfth Judicial District review this matter and take appropriate legal action, to include seeking restitution.

Schedule A

Deposit Date	Cash Per Deposit	Cash Per Tax Receipts	Cash Difference	Clerk Who Prepared the Deposit
November 30, 1995	\$623.01	\$621.21	\$0.80	Vanessa Basile
November 29, 1995	420.99	475.04	(54.05)	Vanessa Basile
December 8, 1995	2,519.86	2,548.48	(28.62)	Vanessa Basile
December 28, 1995	\$87.82	1,800.55	(172.73)	Vanessa Basile
December 28, 1995	114.70	0.00	114.70	Vanessa Basile
January 3, 1996	219.95	0.00	219.95	Vanessa Basile
January 3, 1996	8.05	0.00	8.05	Vanessa Basile
January 8, 1996	8.29	526.23	(517.93)	Vanessa Basile
January 10, 1996	3,856.19	2,851.27	1,004.92	Vanessa Basile
January 23, 1996	224.20	481.75	(257.55)	Vanessa Basile
February 8, 1996	294.45	1,419.78	(1,125.33)	Vanessa Basile
February 13, 1996	1,863.65	1,863.65	0.00	Cynthia Duncanson
February 20, 1996	589.46	3,297.21	(2,707.75)	Vanessa Basile
April 1, 1996	1,798.17	1,798.17	0.00	Cynthia Duncanson
April 4, 1996	89.03	89.03	0.00	Cynthia Duncanson
April 13, 1996	444.20	444.20	0.00	Vanessa Basile
April 15, 1996	350.94	350.94	0.00	Vanessa Basile
April 17, 1996	134.27	134.27	0.00	Vanessa Basile
April 18, 1996	254.73	254.73	0.00	Vanessa Basile
April 19, 1996	21.77	21.77	0.00	Vanessa Basile
April 22, 1996	26.79	26.79	0.00	Vanessa Basile
Total	<u>\$13,248.51</u>	<u>\$17,483.05</u>	<u>(\$4,234.54)</u>	

Attachment I

Management's Response

BOARD OF SUPERVISORS

CHARLES BOSCHART

LEONEL BASSETT

ALBERT KELLUY

OSWALD C. MORRILL, JR.

BRUCE L. COLLON

City of Bunkie

John Guillory, Mayor

POST OFFICE BOX 630
BUNKIE, LOUISIANA 71302
PHONE (504) 348-1883
FAX (504) 348-4120

August 8, 2006

CITY CLERK DALENT

SHERIDAN

MARTY L. FERRARA

MIKE SORSALES

JOSEPH M. FRANK

JAMES T. LEE

Dr. Daniel Kyle, CPA
Office of Legislative Auditor
State of Louisiana
P O Box 94387
Baton Rouge, Louisiana, LA 70804-9387

Dear Dr. Kyle:

We have reviewed the preliminary draft of the investigative audit report issued by your office. We are responding to your recommendations as follows:

The City of Bunkie will implement satisfactory control procedures to ensure that all funds collected are deposited on a timely basis. This will be accomplished by daily deposits. Every deposit will be reviewed by the Deputy City Clerk before it is made. Every account will be reconciled on a monthly basis at a minimum, and more frequently if needed. These reconciliations will be performed by our Deputy City Clerk under the City Clerk's supervision. Neither of these individuals collects money or prepares deposits.

The City is in the process of acquiring the necessary software to set up programs to reconcile ad valorem taxes, occupational licenses, and all other fees and/or collections. These reconciliations will also be prepared on a monthly basis at a minimum, or more frequently if the need arises.

The City will promptly notify the Assessor Parish District Attorney of the findings in this report as soon as it is received, and will ask that he pursue criminal charges in this matter. We will also request that legal proceedings include a provision for restitution to the City of all funds misused as well as all costs, including accounting and legal fees incurred by the City in this matter.

Trusting this information will satisfy your requirements we remain

Very Sincerely Yours,



HONORABLE JOHN GUILLORY, MAYOR

Attachment II
Legal Provisions

Legal Provisions

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

LSA-R.S. 1467 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 is essential.

LSA-R.S. 1468 provides, in part, 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.

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. 41:1461(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.