



OFFICE OF
LEGISLATIVE AUDITOR
 STATE OF LOUISIANA
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September 18, 1996

Honorable David W. Burton
 District Attorney of the Thirty-Sixth Judicial District
 Post Office Box 90
 De Ridder, Louisiana 70534



Dear Mr. Burton:

At your request, we visited your office to assist you in your investigation of the alleged theft of public funds by one of your employees. On August 29, 1996, you contacted my office to report that one of your employees admitted to taking money orders belonging to the worthless check program administered by your office. You stated that the employee repaid the money and was terminated by you; however, you requested us to assist your staff in determining if additional public funds may have been taken.

On August 30, 1996, two members of my staff interviewed Ms. Pam Young, your former employee. During that interview, Ms. Young stated the following:

- On December 31, 1995, she took five money orders totaling approximately \$2,400, and cashed two of the money orders totaling approximately \$900. In August 1996, she replaced the two money orders that she had cashed and returned the other three money orders to one of your employees.
- Over the past two years she also took money from 10 to 15 traffic ticket payments. She could not remember the names of the traffic offenders or the exact dates she took the money.

On September 4, 1996, two members of my staff visited your office to inform you of the results of our interview with Ms. Young, assist your staff in determining if additional public funds may have been taken, and offer suggestions for additional internal controls over receipts. After we informed you of the results of our interview with Ms. Young, we examined various records and documents and interviewed your staff and others. We also met with your staff and informed them of methods of determining if additional funds may have been misused and requested they contact us if additional assistance was needed.

Controls over receipts are not adequate to properly account for collections for worthless checks and traffic fines as follows:

1. All of your employees have access to payments for worthless checks and traffic fines.

2. There is no initial control over receipt of payments, such as issuance of pre-numbered receipts for over the counter collections and a listing of receipts received through the mail.
3. Access to computer files is not restricted. All employees have access to the computer files and can add or delete information.
4. The district attorney's signature stamp is not adequately safeguarded. All employees have access to the district attorney's signature stamp.
5. There are no physical safeguards over worthless check files. All employees have access to the file folders containing documentation relating to worthless checks.
6. The outstanding warrants for worthless checks are not reconciled on a routine basis with the sheriff's records of unserved warrants.

In addition to your policy that cash not be accepted for the payment of worthless checks or traffic tickets, you may wish to consider the following recommendations to properly account for collections made at your office:

1. The district attorney's office should not accept payments for traffic tickets. All traffic tickets should be required to be paid at the sheriff's office.
2. Physical access to receipts for worthless checks should be restricted to a designated employee.
3. Pre-numbered receipts should be issued to payers. The district attorney's office should maintain a copy of the pre-numbered receipts.
4. On a daily basis, an employee should account for the numerical sequence of the pre-numbered receipts and should reconcile the amount of the pre-numbered receipts to the authenticated copy of the deposit slip.
5. An employee having no access to receipt records should open incoming mail and list all payments received.
6. An employee having no access to payments received should compare the listing of mail receipts to the receipt records and authenticated copies of deposit slips.
7. Upon receipt, all checks, money orders, or cashier checks received through the mail or over the counter should be restrictively endorsed, "For deposit only - 36th Judicial District Attorney" or similar endorsement. The payee for all checks, money orders, or cashier checks should be the 36th Judicial District Attorney. For these checks, money orders, or cashier checks received when the payee is blank, the payee should be filled-in, upon receipt, by the employee that receives the payment.

8. All receipts should be deposited intact daily.
9. Only authorized employees that have no access to payments received should be allowed to add or delete payment information on computer files.
10. The district attorney's signature stamp should be adequately safeguarded so that only a designated employee has access to the signature stamp.
11. Worthless check files should be filed in a locked file cabinet to provide physical safeguards over them.
12. Monthly, the outstanding warrants for worthless checks should be reconciled with the sheriff's records of unserved warrants.

The foregoing recommendations are offered assuming that your office has enough staff to have adequate segregation of duties. However, with the small size of your office and the limited number of employees that you have available, it may not be feasible or cost beneficial to implement all of the recommendations. Therefore, the recommendations should be considered by you to the extent practical.

On September 5, 1994, you informed us that you were going to request that the sheriff interview Ms. Young and arrest her. The sheriff's office conducted the interview with Ms. Young on September 5, 1994, and on September 8, 1995, she was formally arrested for theft.

If you need additional assistance or have any questions relating to property accounting for collections made at your office, please call me.

Sincerely,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

DGF:GLB:ads

per:msw:cmg