

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

- R.S. 14:67, "Theft"
- R.S. 14:134, "Malfeasance in Office"
- R.S. 14:138, "Payroll Fraud"
- R.S. 42:1461(A), "Obligation Not to Misappropriate"
- 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 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.

ASSISTANT SECRETARY-TREASURER PAID HERSELF EXCESS SALARY

During the period February 1995 through February 11, 1998, Ms. Dorothy Butler, Assistant Secretary-Treasurer, paid herself \$23,731 more than her authorized salary.

Ms. Butler was employed by the East Carroll Parish Police Jury on October 1, 1988. She served the police jury at an annual salary of \$17,844 before being appointed as assistant secretary-treasurer on July 1, 1995. As assistant secretary-treasurer, the police jury authorized Ms. Butler to receive an annual salary of \$25,200. In addition to other duties, Ms. Butler was responsible for the preparation of payroll for the police jury's administrative staff. During the period February 1995 through February 11, 1998, Ms. Butler paid herself \$23,731 that she was not entitled to receive. On February 17, 1998, the police jury terminated Ms. Butler's employment.

On February 12, 1998, Ms. Butler informed representatives of the Legislative Auditor that she knew that she received extra checks that she was not entitled to receive. In addition, Ms. Butler stated that these extra payments were not included in her total wages reported to the IRS during 1995 and 1996, and she did not include the extra amount on her personal tax returns. Though Ms. Butler prepared the police jury's IRS W-2 forms for 1997, she did not include the extra payments in her total wages. According to Ms. Butler, the 1997 W-2s were never sent to the IRS, and she intended to correct her W-2 to accurately reflect the total amount received.

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

- R.S. 14:67, "Theft"
- R.S. 14:134, "Malfeasance in Office"
- R.S. 14:138, "Payroll Fraud"
- R.S. 42:1461(A), "Obligation Not to Misappropriate"
- 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 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.

ADDITIONAL INFORMATION

On February 25, 1998, representatives of the Legislative Auditor's office met with and provided the above information to representatives of the U.S. Attorney for the Western District of Louisiana, the District Attorney for the Sixth Judicial District, the Federal Bureau of Investigation, and the Louisiana Attorney General's Office.

Attachment I
Legal Provisions

Legal Provisions

The following legal citations are referred to in the Findings and Recommendations section of this report:

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.

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.

R.S. 14:138 provides, in part, that payroll fraud is committed when any public officer or public employee shall carry, cause to be carried, or permit to be carried, directly or indirectly, upon the employment list or payroll of his office, the name of any person as employee, or 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.

R.S. 42:1461(A) provides that officials, whether elected or appointed, by the act of accepting such office assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property or other thing of value belonging to the public entity in which they hold office.

R.S. 47:1642 provides, in part, that any person who willfully fails to file any return or report to be filed under 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 or 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.

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.

STATE OF LOUISIANA LEGISLATIVE AUDITOR

East Carroll Parish Police Jury
Lake Providence, Louisiana

February 27, 1998



Investigative Audit

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

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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 and at the office of the parish clerk of court.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this report, or any report of the Legislative Auditor, please contact Skip Irwin, Director of Administrative Services, at 504/339-3800.

East Carroll Parish Police Jury

February 27, 1998



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

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

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February 27, 1998

MR. W. L. PAYNE, PRESIDENT,
AND MEMBERS OF THE EAST CARROLL
PARISH POLICE JURY
Lake Providence, Louisiana

Transmitted herewith is our investigative report on the East Carroll 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 findings and recommendations. Copies of this report have been delivered to the Honorable James D. Caldwell, District Attorney for the Sixth Judicial District of Louisiana, and the Honorable 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

AFB/ss

[ECA-PJ2]

Executive Summary

Investigative Audit Report East Carroll Parish Police Jury

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

Secretary-Treasurer Paid Herself Excess Salary

(Page 1)

Finding: During the period February 1995 through February 11, 1998, Ms. Robin Hopkins, Secretary-Treasurer, paid herself \$102,192 more than her authorized salary. In addition, during the period February 1995 through November 1996, Mr. Bill Hopkins, Ms. Hopkins' husband and former police jury employee, received \$7,170 more than his authorized salary.

Recommendation: 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.

Assistant Secretary-Treasurer Paid Herself Excess Salary

(Page 2)

Finding: During the period February 1995 through February 11, 1998, Ms. Dorothy Butler, Assistant Secretary-Treasurer, paid herself \$23,731 more than her authorized salary.

Recommendation: 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.

Background and Methodology

On February 8, 1998, the Legislative Auditor received information indicating that the secretary/treasurer of the East Carroll Parish Police Jury made payments to herself in excess of her authorized salary. This investigation was conducted to determine the propriety of this information.

Our procedures consisted of (1) interviewing employees and officials of the police jury, (2) interviewing other persons as appropriate; (3) examining selected documents and records of the police jury; (4) making inquiries and performing tests to the extent we considered necessary to achieve our purpose; and (5) reviewing applicable Louisiana and United States laws.

The results of our investigation are the findings and recommendations herein.

Findings and Recommendations

SECRETARY-TREASURER PAID HERSELF EXCESS SALARY

During the period February 1995 through February 11, 1998, Ms. Robin Hopkins, Secretary-Treasurer, paid herself \$102,192 more than her authorized salary. In addition, during the period February 1995 through November 1996, Mr. Bill Hopkins, Ms. Hopkins' husband and former police jury employee, received \$7,170 more than his authorized salary.

Ms. Hopkins was employed by the East Carroll Parish Police Jury (police jury) on January 18, 1978. Between January 1, 1995, and June 30, 1995, she served as the police jury's assistant secretary-treasurer at an annual salary of \$26,744. On July 1, 1995, she was promoted to the position of secretary-treasurer. As secretary-treasurer, Ms. Hopkins was authorized to receive an annual salary of \$33,600 and was responsible for the police jury's accounting functions, including payroll. During the period February 1995 through February 11, 1998, Ms. Hopkins paid herself \$102,192 that she was not entitled to receive.

Mr. Bill Hopkins was employed by the police jury for the period August 1994 through October 31, 1996. Mr. Hopkins was authorized to receive compensation at a regular rate of \$6.50 per hour. However, during his employment, payroll checks totaling \$7,170 were made to Mr. Hopkins in excess of what he actually earned.

On February 11, 1998, Ms. Hopkins informed representatives of the Legislative Auditor that she received payroll checks that she was not entitled to receive and had no idea how much money was involved. Ms. Hopkins stated that Ms. Dorothy Butler, Assistant Secretary-Treasurer, prepared her normal payroll as well as the extra checks. (We noted as many as nine checks in a single month.) In addition, Ms. Hopkins stated that she made these payments to herself without the knowledge of members of the police jury. Ms. Hopkins 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. Ms. Hopkins also stated that she did not repay any of the excess payments she received. Ms. Hopkins resigned her employment with the police jury on February 13, 1998.

Mr. Bill Hopkins informed us that he did not know he had been issued extra checks in addition to those authorized by the police jury. Mr. Hopkins explained that his wife, Robin Hopkins, handled the family financial matters. Ms. Hopkins agreed that she handled her family's banking and stated that her husband did not know about the excess payments.