

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Town of Sorrento
Sorrento, Louisiana

June 30, 1999



Investigative Audit

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

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Town of Sorrento

June 30, 1999



**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

June 30, 1999

HONORABLE BRENDA MELANCON, MAYOR,
AND MEMBERS OF THE COUNCIL
Sorrento, Louisiana

Transmitted herewith is our investigative report on the Town of Sorrento. 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, as well as your response. Copies of this report have been delivered to those individuals as required by state law.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle", is written over a faint, larger version of the same signature.

Daniel G. Kyle, CPA, CFE
Legislative Auditor

TLS:DGP:AFB:dl

[SORRENTO]

Executive Summary

Investigative Audit Report Town of Sorrento

The following summarizes the finding and recommendation as well as management's response that resulted from this investigation. Detailed information relating to the finding and recommendation may be found at the page number indicated. Management's response may be found at Attachment I.

Traffic Fines Collected But Not Deposited

(Page 1)

- Finding:** From September 1997 through August 1998, the Town of Sorrento deposited traffic fine revenues totaling \$215,608. However, town records indicate that \$223,511 should have been deposited into the town's bank account. The remaining \$7,903 has not been accounted for.
- Recommendation:** We recommend the town continue its efforts to ensure that all fines are collected, properly recorded, and deposited in a timely manner. In addition, the town should ensure that collections are reconciled to deposits and the reconciliation should be reviewed by an appropriate supervisor. Furthermore, the town should limit access to the town's funds to as few individuals as necessary.
- Management's Response:** Proper policies regarding the collection, recording, and depositing of police fines/forfeitures have been enforced since July 1998, following the dismissal of the former police clerk. All monies once collected are locked in a cash box and placed in the town's vault for safe keeping until they are deposited in the town's financial institute. Once deposits are made by the police clerk, the town clerk reconciles the deposits. These funds are limited to only the police clerk and the town clerk.
-

Background and Methodology

The Town of Sorrento, Louisiana, was incorporated on September 11, 1956, under provisions of the Lawrason Act. The town operates under a Mayor-Council form of government. The town is located in Ascension Parish approximately 24 miles south of Baton Rouge.

The Office of the Legislative Auditor received information alleging that traffic ticket fines were collected by the town's police clerk but were not properly deposited into the town accounts. This investigation was performed to determine the propriety of this allegation.

Our procedures consisted of (1) interviewing employees and officials of the town; (2) interviewing other persons as appropriate; (3) examining selected documents and records of the town; (4) performing tests and other procedures as deemed necessary; and (5) reviewing applicable Louisiana laws.

Finding and Recommendation

TRAFFIC FINES COLLECTED BUT NOT DEPOSITED

From September 1997 through August 1998, the Town of Sorrento deposited traffic fine revenues totaling \$215,608. However, town records indicate that \$223,511 should have been deposited into the town's bank account. The remaining \$7,903 has not been accounted for.

The Town of Sorrento collects money at the Sorrento town hall for traffic tickets issued by its police department. The town employs a police clerk to collect, record, and deposit these monies. From July 1, 1997, through July 18, 1998, Ms. Marty Stover served the town in this capacity. From September 10, 1997, through August 6, 1998, the town deposited \$215,608 in traffic fine revenues into the town's bank accounts. However, town records indicate that \$223,511 should have been deposited during this period. The remaining \$7,903 was not deposited and cannot be accounted for.

The police clerk was responsible to ensure that all traffic ticket collections were properly recorded and deposited. While serving as police clerk, Ms. Stover failed to properly reconcile collections to the town's deposits; failed to properly secure collections before deposit; and failed to deposit the collections into the town's accounts in a timely manner.

Failure to Reconcile Collections to Deposits

The town used multiple part receipts to record the collection of traffic fine revenues. Records indicate that Ms. Stover did not reconcile the receipts issued to the deposit of these fines. Had this procedure been performed and reviewed by another town employee, the likelihood of detection that all collections were not being properly deposited would have been increased.

Failure to Properly Secure Collections

The town accepts cash, money orders, and checks as payment for its traffic fines. Once collected, while waiting to be deposited, fines should be properly recorded and stored in a secure location such as a locked vault. However, according to town employees, Ms. Stover regularly stored collections, including cash, in her desk drawers, under her desk, in filing cabinets, and in an unlocked vault. On July 17, 1998, when confronted by Mayor Brenda Melancon, Ms. Stover located approximately \$30,000 under her desk and in the town's vault that was not deposited. An additional \$900 was later found in Ms. Stover's desk.

Failure to Make Timely Deposits

Ms. Stover did not deposit the collections in a timely manner. Ms. Stover was removed from her position on July 18, 1998. At that time, the town had \$31,774 in cash, checks, and money orders that Ms. Stover had not deposited. The receipts indicated that these funds had been collected beginning on May 14, 1998, two months before.

Ms. Stover stated that she was responsible for collecting, receipting, and depositing money from traffic fines. Ms. Stover stated that she was very busy with other responsibilities and did not have time to make daily deposits. She said that she only had time to perform the duties that had to be done. Ms. Stover also stated that she sometimes hid money in the vault because she kept a large amount of cash in the vault.

Mayor Melancon stated that the town has taken steps to ensure this does not occur in the future. According to Mayor Melancon, the town has implemented procedures to ensure that cash receipts are reconciled to deposits. In addition, the current police clerk properly secures and deposits all collections in a timely manner.

We recommend the town continue its efforts to ensure that all fines are collected, properly recorded, and deposited in a timely manner. In addition, the town should ensure that collections are reconciled to deposits and the reconciliation should be reviewed by an appropriate supervisor. Furthermore, the town should limit access to the town's funds to as few individuals as necessary.

Attachment I

Management's Response

Town of Sorrento

RECEIVED
LEGISLATIVE AUDITOR

99 JUN 16 AM 8:57

BRENDA MELANCON, Mayor
JEROME KEREK, Chief of Police
FERN BARNETT, Town Clerk
MARTI STOVER, Police Clerk
CAMILLE TRABEAU, Mayor Pro-Tem



ALDERMEN
DUANE HUMPHREY
GILDA BOURGEOIS
DANETTE BECNEL
EARL LEBLANC

P.O. Box 65 • Sorrento, Louisiana 70778 • Phone 675-5337

June 11, 1999

Daniel G. Kyle, CPA, CFE
Office of Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: Response to Investigative Report
Town of Sorrento - July 1998-June 1999

Dear Sir:

This letter is in response to the Investigative Report on the Town of Sorrento that was conducted by your office from July 1998 until June 1999. In response to the missing funds in the Sorrento Police Department, I hereby notify you that Police Clerk Marti Stover was dismissed from all duties for the Sorrento Police Department immediately following the detection of the mishandling of public funds.

On behalf of myself, the Sorrento Town Council, the Sorrento Police Department's Chief of Police, I would like to assure the Legislative Auditor's Office that proper policies regarding the collection, recording, and depositing of police fines/forfeitures have been enforced since July of 1998, following the dismissal of Marti Stover. All monies once collected are locked in a cash box and placed in the Town's vault for safe keeping until they are deposited in the town's financial institute. Deposits are now made on a timely basis (meaning several per week), depending on collection. Police Chief Jerome Kerek has assured me that no monies (cash or money orders) are left in the police department once collected. Once deposits are made by the police clerk, the Town Clerk reconciles the deposits. The reconciliation of deposits consists of checking the deposit slip against the receipt book to insure that all monies are being deposited; checking cash amounts against the receipt book and citations; checking money orders against receipt book and citations; assuring that all monies collected are deposited up-to-date. These funds are limited to only the Police Clerk and the Town Clerk.

As the chief executive officer for the Town of Sorrento, I want to assure you that I will continue to work with Chief Kerek to see that these policies are kept in operation. I will do everything in my power to see that the Town of Sorrento/Sorrento Police Department are


accountable for not only police fund, but all funds collected in all departments.

We appreciate the extensive work that was performed by your office personnel in connection with the missing funds in the Sorrento Police Department. We will do everything possible to ensure that this does not happen in the future. We look forward to putting this behind us and serving the people of Sorrento in the matter that so richly deserve.

With kind regards, I remain

Sincerely yours,

MAYOR & TOWN COUNCIL


Brenda Melancon, Mayor