

TANGIPAHOA PARISH SHERIFF

AMITE, LOUISIANA

ANNUAL FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-12-05

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Annual Financial Statements
With Supplemental Information Schedules
As of and for the Year Ended June 30, 2004**

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**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Annual Financial Statements
With Supplemental Information Schedules
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Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA

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American Institute of CPA's
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November 18, 2004

Independent Auditor's Report

The Honorable Sheriff, Daniel Edwards
Parish of Tangipahoa
Amite, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tangipahoa Parish Sheriff, a component unit of the Tangipahoa Parish Council, Amite, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Tangipahoa Parish Sheriff's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Tangipahoa Parish Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Inadequacies in the Tangipahoa Parish Sheriff's Office capital asset records prevented us from applying sufficient audit procedures to satisfy ourselves that capital assets and the related accumulated depreciation were fairly stated.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the capital asset records been sufficient to allow us to perform sufficient auditing procedures to satisfy ourselves that capital assets and the related accumulated depreciation were fairly stated, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tangipahoa Parish Sheriff, as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2004, on our consideration of the Tangipahoa Parish Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That

The Honorable Daniel Edwards, Sheriff
Tangipahoa Parish Sheriff's Office

report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis, budgetary comparison information, and other supplemental schedules are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Tangipahoa Parish Sheriff, of Amite, Louisiana's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is also not a required part of the basic financial statements of the Tangipahoa Parish Sheriff, Amite, Louisiana. The supplementary information schedules listed in the table of contents as Schedules 1 through Schedule 7 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James, CPAs".

Durnin & James, CPAs
(A Professional Corporation)

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Tangipahoa Parish Sheriff
Management's Discussion and Analysis
June 30, 2004**

Introduction

The Tangipahoa Parish Sheriff, Amite, Louisiana (the Sheriff) is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments* (GASB 34), and related standards. This is the second year of presentation under the new GASB 34 format.

The Sheriff's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Sheriff's financial activity (c) identify changes in the Sheriff's financial position (d) identify any significant variations from the Sheriff's financial plan, and (e) identify individual fund issues, or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Sheriff's financial statements on Statements A through E of this report.

Financial Highlights

- At June 30, 2004, the Sheriff's assets exceeded its liabilities resulting in a net assets surplus of \$1,341,488.
- At fiscal year-end, the total of net Invested in Capital Assets was \$978,287.
- Total governmental fund revenues and other financing sources of \$13,075,480 exceeded governmental fund expenditures of \$11,253,941 resulting in a net change in fund balances of \$1,821,539.
- The Sheriff's office has been working on improving its financial position. In response to the continued declines in revenues, as well as prior year deficits, the Sheriff's Office enacted an expense reduction program this past year which resulted in a surplus of revenues over expenses in the current year of \$1,097,938. The primary source of expense reductions were in the area of law enforcement personnel and support staff.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

The Management Discussion and Analysis introduces the Sheriff's basic financial statements. The Sheriff's basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Tangipahoa Parish Sheriff
Management's Discussion and Analysis
June 30, 2004

Government-Wide Financial Statements

The Sheriff's annual report includes two government-wide financial statements. These Statements provide both long-term and short-term information about the Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. The Statement of Net Assets presents information on the Sheriff's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Sheriff is improving or deteriorating.

The second government-wide statement is the Statement of Activities, which presents information showing how the Sheriff's net assets changed during the most recent fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenues provided by the Sheriff's taxpayers.

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by property taxes. The sole purpose of these governmental activities is public safety.

The government-wide financial statements can be found on Statements A and B.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Sheriff uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Sheriff's most significant funds rather than the Sheriff as a whole.

The Sheriff uses two categories of funds to account for financial transactions: governmental funds and fiduciary funds.

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Sheriff's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions.

**Tangipahoa Parish Sheriff
Management's Discussion and Analysis
June 30, 2004**

Reconciliations follow both the governmental fund balance sheet and the governmental fund operating statement to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on Statements C through F of this report.

Fiduciary funds are reported in the fund financial statements and report taxes collected for other taxing bodies, deposits held pending court action and individual prison inmate accounts. The Sheriff only reports agency funds.

The basic agency fund financial statements are presented on Statements G and H of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 39 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Sheriff's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general and special revenue funds. These schedules demonstrate compliance with the Sheriff's adopted and final revised budget. Required supplementary information can be found on Schedules 1 through 3 of this report.

Government-Wide Financial Analysis

The Sheriff implemented the new financial reporting model used in this report beginning in the fiscal year ending June 30, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Sheriff as a whole.

**Tangipahoa Parish Sheriff
Management's Discussion and Analysis
June 30, 2004**

The Sheriff's net assets at fiscal year-end were \$1,341,488. The following table provides a summary of the Sheriff's net assets:

**Condensed Statement of Net Assets
June 30, 2004**

	06/30/03	06/30/04	Difference	Percentage Difference
Assets				
Current and Other Assets	\$ 1,454,054	\$ 1,159,074	\$ (294,980)	-20%
Capital Assets	823,993	978,287	154,294	19%
Total Assets	<u>2,278,047</u>	<u>2,137,361</u>	<u>(140,686)</u>	<u>-6%</u>
Liabilities				
Long-Term Debt	520,000	428,000	(92,000)	-18%
Other Liabilities	2,575,967	367,873	(2,208,094)	-86%
Total Liabilities	<u>3,095,967</u>	<u>795,873</u>	<u>(2,300,094)</u>	<u>-74%</u>
Net Assets				
Invested in Capital Assets	823,993	978,287	154,294	19%
Restricted for D.A.R.E .Scholarships	32,351	29,480	(2,871)	-9%
Unrestricted (Deficit)	(1,674,264)	333,721	2,007,985	120%
Total Net Assets (Deficit)	<u>\$ (817,920)</u>	<u>\$ 1,341,488</u>	<u>\$ 2,159,408</u>	<u>264%</u>

Overall, the Sheriff's office reported net assets of \$1,341, 488 as of June 30, 2004, which compares a reported net liability at June 30, 2003 of \$817,920.

As of June 30, 2004 \$978,287, or approximately 46% of the total assets of the Tangipahoa Parish Sheriff's Office was invested in Capital Assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. The amount invested in Capital Assets reflects an increase over the previous year of \$154,294. This increase reflects increases for assets acquired during the current year as well as decreases for depreciation expenses incurred. Additional detail in regards to the overall changes in Capital Assets can be reviewed in Note 8 – Capital Assets which a part of the footnotes to the basic financial statements.

Current and Other Assets totaling \$1,159,074 (54% of Total Assets) represent primarily cash, and receivables from other governments, used to fund current operations and on-going obligations of the Sheriff's Office. This reflects a decrease in Current and Other Assets from the prior year of \$294,980. Included within the Current and Other Assets is Cash and Cash Equivalents in the amount of \$943,969 and \$547,687 for the years ending June 30, 2004 and 2003 respectively.

Other Liabilities of the Sheriff's Office represents amounts owed to suppliers and other creditors of the Sheriff's Office, other than long-term debt. At year-end, June 30, 2004, the Tangipahoa Parish Sheriff's Office had Other Liabilities of \$367,873 which reflects a decrease of \$2,208,094 from the balance

**Tangipahoa Parish Sheriff
Management's Discussion and Analysis
June 30, 2004**

reported in the previous year end of \$2,575,967. This decrease in Other Liabilities is a reflection of an effort on the part of the Sheriff's Office to maintain a more current status with its suppliers of goods and services. Bond Anticipation Note proceeds of \$3,000,000 were received in July 2003 to fund the overdraft and provide funds for operations, in anticipation of future revenues, as noted in Footnote 20 – "Subsequent Events" to the audited statements.

At June 30, 2004, approximately 54% of the Sheriff's total liabilities consist of long-term debt, consisting of the Series 2003 Refunding Bonds, as disclosed in the following section on Long – term Debt. The decrease in Long Term Debt reflects the normal amortization of that loan as reflected in Footnote Number 13 to the Financial Statements, "Long Term Obligations".

The following table provides a summary of the Sheriff's changes in net assets:

**Condensed Statement of Changes in Net Assets
For the Year Ended June 30, 2004**

	06/30/03	06/30/04	Difference	Percentage Difference
Revenues				
Program:				
Fees, Fines and Charges for Services	\$ 5,522,980	\$ 5,326,364	\$ (196,616)	-3.56%
Operating Grants and Contributions	1,262,618	1,306,210	43,592	3.45%
Capital Grants and Contributions	-	5,000	5,000	-
General				
Property Taxes	4,379,277	4,629,759	250,482	5.72%
State Revenue Sharing	536,279	541,420	5,141	0.96%
Interest Earnings	84,304	74,378	(9,926)	-11.77%
Local Match	35,831	23,029	(12,802)	-35.73%
Seized Assets	65,125	148,069	82,944	127.36%
Miscellaneous	103,461	297,650	194,189	187.69%
Transfer In/(Out)	-	188,601	188,601	-
Sale of Fixed Assets	39,817	-	(39,817)	-100.00%
Total Revenues	<u>12,029,692</u>	<u>12,540,480</u>	<u>510,788</u>	<u>4.25%</u>
Program Expenses				
Public Safety	12,302,958	10,444,698	(1,858,260)	-15.10%
Interest	61,984	15,040	(46,944)	-75.74%
Total Expenses	<u>12,364,942</u>	<u>10,459,738</u>	<u>(1,905,204)</u>	<u>-15.41%</u>
Change in Net Assets	(335,250)	2,080,742	2,415,992	720.65%
Prior Period Adjustment to Fund Balance	-	78,666	78,666	-
Net Assets (Deficit), Beginning	(482,670)	(817,920)	(335,250)	-69.46%
Net Assets (Deficit), Ending	<u>\$ (817,920)</u>	<u>\$ 1,341,488</u>	<u>\$ 2,159,408</u>	<u>264.01%</u>

**Tangipahoa Parish Sheriff
Management's Discussion and Analysis
June 30, 2004**

Governmental Revenues

The Tangipahoa Parish Sheriff's Office recognized \$4,629,759 in Property Taxes for the year ending June 30, 2004. This reflects an increase in Property Taxes received over the previous year in the amount of \$250,482. This increase was reflective of an increase in the tax roles of Tangipahoa Parish which is a result of continued development of property within the taxing jurisdiction of Tangipahoa Parish.

For the year ending June 30, 2004, Fees, Fines and Charges for Services in the amount of \$5,326,364 provided approximately 42.47% of the Sheriff's total revenues. This amount consist primarily of fees for Feeding and Keeping of Prisoners in the amount of \$3,192, 387 and Civil and Court Fees of \$1,039,987. Previous year revenues from those same sources were \$\$3,365,783 in fees for Keeping of Prisoners and \$1,013,877 in Civil and Court Fees. Those combined amounts represent a decrease from the previous year in the amount of \$196,616, which is reflective of continued declines in revenues generated for the keeping and feeding of prisoners for state and federal prisoners.

Operating Grants and Contributions consist of funds received by the Sheriff's Office for Federal Grants and State Supplemental Pay. For the year ending June 30, 2004, Federal Grants received by the Sheriff's Office totaled \$908,041 which reflects an increase over the previous year. In the previous year the Sheriff's Office received \$806,335 in Federal Grants. State Supplemental Pay receipts declined in the current year from \$456,283 received for the year ending June 30, 2003 to \$398,169 received in the current year. The reason for this decline was the overall reduction in law enforcement staff eligible for State Supplemental Pay during the current fiscal year.

As a percentage of Total Revenue, Operating Grants and Contributions continued to provide significant support for the Sheriff's Office reflecting 10.42% of Total Revenue, which compares with 10% for that of the previous year.

Governmental Functional Expenses

The major function of the Sheriff's office is to provide public safety activities. The only other non-functional cost is interest expense related to Refunding Bonds, Series 1994, and outstanding Refunding Bonds, Series 2003. Of the total cost, depreciation on the equipment, vehicles, and buildings was \$271,698 or 3% of total expenses.

Financial Analysis of the Sheriff's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported an ending fund balance of \$795,850. Legally restricted fund balance consists of \$29,480 reserved for D.A.R.E. scholarships and \$40,305 restricted for debt service.

**Tangipahoa Parish Sheriff
Management's Discussion and Analysis
June 30, 2004**

Major Governmental Funds

The General Fund is the Sheriff's primary operating fund and the largest source of day-to-day service delivery. For fiscal year ending June 30, 2004, the General Fund's fund balance increased by \$1,783,346. The analysis for the General Fund is similar to the government-wide presentation presented above, since most of the government-wide activities presented are for the General Fund. Meanwhile, included as Major Funds are the Tri-Parish Fund, used to account for federal grant revenues and expenditures for undercover operations, and the Seized Asset Fund, used to account for forfeitures for drug related cases and other undercover operations.

Budgetary Highlights

The General Fund - Significant variations from original budgeted revenues and expenditures for the General Fund were as follows:

- The original budget for revenues for "Feeding and Keeping of Prisoners" totaled \$3,447,000, and was decreased by \$383,000 to an amended total of \$3,064,000 due to decreases in the number of federal prisoners.
- The original budget of \$168,712 for miscellaneous revenues was increased to \$301,400 as revenues and transfers were more accurately classified.
- Although the original budget of \$894,885 for federal grants was increased to \$980,608, actual grant revenues totaled only \$807,665 after audit adjustment.
- Total amended budget for General Fund expenditures was decreased by \$253,429 from the original budget of \$10,555,933.

There were no budget figures for calculation of variations for the remaining Major Funds, the Tri-Parish Fund and the Seized Asset Fund.

Capital Assets and Debt Administration

Capital Assets

The Sheriff's investment in capital assets, net of accumulated depreciation as of June 30, 2004, was \$978,287. There was an increase in capital assets. See Note 8 for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

**Tangipahoa Parish Sheriff
Management's Discussion and Analysis
June 30, 2004**

**Capital Assets (Net of Depreciation)
June 30, 2004**

	2004	2003
Vehicles	\$ 1,769,091	\$ 1,554,097
Office Equipment	137,092	137,092
Law Enforcement Equipment	1,246,701	1,035,703
Data Processing Equipment	222,665	222,665
Subtotal	3,375,549	2,949,557
Less Accumulated Depreciation	(2,397,262)	(2,125,564)
Capital Assets, Net	\$ 978,287	\$ 823,993

Long-Term Debt

At the end of the fiscal year, the Sheriff had debt outstanding of \$428,000. Of this total, \$107,000 is due within one year and \$321,000 is due within greater than one year. The following table provides a summary of the Sheriff's outstanding debt at the end of the current year.

**Outstanding Debt
June 30, 2004**

Governmental Activities

	2004	2003
\$535,000, Refunding Bond, Series 2003	\$ 428,000	\$ 520,000

During the year, the Sheriff retired \$627,000 of the beginning outstanding debt balance of Refunding Bond, Series 1994. For more detailed information, see Note 13 – Long-Term Obligations and Note 20 – Subsequent Event to the financial statements.

Economic Factors

The Tangipahoa Parish Sheriff has an overall net assets surplus of \$1,341,488 at June 30, 2004, as noted within this Management's Discussion and Analysis and within the Statement "A" (Statement of Net Assets.) On a fund basis, the surplus for the General Fund as listed in Statement "C" (Balance Sheet for Governmental Funds) totals \$577,453. As noted previously, in an effort to retire prior year operating deficits, the Sheriff's Office made significant reductions in its operational and support staff. The reductions in salary and other expenses related to those cost, was the primary factor in the operating surplus for the year ending June 30, 2004.

**Tangipahoa Parish Sheriff
Management's Discussion and Analysis
June 30, 2004**

Requests for Information

The financial report is designed to provide a general overview of the Sheriff's finances and to demonstrate the Sheriff's accountability. If you have any questions regarding this report or need additional information, contact the Sheriff at Post Office Box 727, Amite, LA 70422. The phone number for the Sheriff is (985) 748-8147.

BASIC FINANCIAL STATEMENTS

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Statement A

**Statement of Net Assets
June 30, 2004**

Assets

Cash and Cash Equivalents	\$	306,322
Other Receivables, Net of Allowance for Uncollectible Accounts		32,692
Due From Other Funds		133,333
Due From Other Governments		626,586
Inventories		30,511
Due From Others		150
Restricted Cash and Cash Equivalents		29,480
Capital Assets, Net of Accumulated Depreciation		978,287
Total Assets	\$	<u><u>2,137,361</u></u>

Liabilities

Accounts Payable	\$	205,901
Accrued Vacation Payable		-
Accrued Interest Payable		4,649
Payroll Withholdings Payable		16,015
Due to Other Funds		17,852
Due to Taxing Bodies and Others		57,037
Due to Other Governments		-
Deferred Revenue		66,419
Long-term Liabilities:		
Due Within One Year		107,000
Due After One Year		321,000
Total Liabilities	\$	<u><u>795,873</u></u>

Net Assets

Invested in Capital Assets	\$	978,287
Restricted for Dare Scholarships		29,480
Restricted for Debt Service		40,305
Unrestricted		293,416
Total Net Assets	\$	<u><u>1,341,488</u></u>

The accompanying notes are an integral part of this statement.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Statement B

**Statement of Activities
For the Year Ended June 30, 2004**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Government Activities:					
Public Safety	\$ 10,444,698	\$ 5,326,364	\$ 1,306,210	\$ 5,000	\$ (3,807,124)
Interest - Long Term Debt	15,040	-	-	-	(15,040)
Total	\$ 10,459,738	\$ 5,326,364	\$ 1,306,210	\$ 5,000	\$ (3,822,164)
General Revenues:					
					\$ 4,629,759
					541,420
					74,378
					23,029
					148,069
					297,650
					188,601
					-
			Total General Revenues		\$ 5,902,906
					\$ 2,080,742
					78,666
					(817,920)
					\$ 1,341,488

The accompanying notes are an integral part of this statement.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Statement C

**Balance Sheet
Government Funds
June 30, 2004**

	General Fund	Tri-Parish Fund	Seized Assets Fund	Other Governmental Funds	Total
Assets					
Cash and Cash Equivalents	\$ 114,258	\$ 10,797	\$ 75,130	\$ 106,137	\$ 306,322
Other Receivables, Net	32,692	-	-	-	32,692
Due From Other Funds	125,347	7,986	-	-	133,333
Due From Other Governments	567,007	59,579	-	-	626,586
Inventories	30,511	-	-	-	30,511
Due From Others	-	-	150	-	150
Restricted Cash	-	-	-	29,480	29,480
Total Assets	<u>\$ 869,815</u>	<u>\$ 78,362</u>	<u>\$ 75,280</u>	<u>\$ 135,617</u>	<u>\$ 1,159,074</u>
Liabilities					
Accounts Payable	\$ 201,421	\$ 4,480	\$ -	\$ -	\$ 205,901
Accrued Vacation Payable	-	-	-	-	-
Payroll Withholdings Payable	16,015	-	-	-	16,015
Due to Other Funds	8,507	9,345	-	-	17,852
Due to Taxing Bodies and Others	-	26,321	30,716	-	57,037
Due to Other Governments	-	-	-	-	-
Deferred Revenue	66,419	-	-	-	66,419
Total Liabilities	<u>\$ 292,362</u>	<u>\$ 40,146</u>	<u>\$ 30,716</u>	<u>\$ -</u>	<u>\$ 363,224</u>
Equity					
Reserved	\$ -	\$ -	\$ -	\$ 69,785	\$ 69,785
Unreserved	577,453	38,216	44,564	65,832	726,065
Total Fund Balance	<u>577,453</u>	<u>38,216</u>	<u>44,564</u>	<u>135,617</u>	<u>795,850</u>
Total Liabilities & Fund Balance	<u>\$ 869,815</u>	<u>\$ 78,362</u>	<u>\$ 75,280</u>	<u>\$ 135,617</u>	<u>\$ 1,159,074</u>

The accompanying notes are an integral part of this statement.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Statement D

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2004**

Fund Balances, Total Governmental Funds, Statement C \$ 795,850

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets net of depreciation 978,287

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund

Refunding Bonds, Series 2003 \$ (428,000)
Accrued Interest Payable (4,649) (432,649)

Net Assets of Governmental Activities, Statement A \$ 1,341,488

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Statement E

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004**

	General Fund	Tri-Parish Fund	Seized Assets Fund	Other Governmental Funds	Total
Revenues					
Taxes - Ad Valorem	\$ 4,629,759	\$ -	\$ -	\$ -	\$ 4,629,759
Intergovernmental:					
Federal Grants	807,665	100,376	-	-	908,041
State Revenue Sharing	541,420	-	-	-	541,420
State Supplement Pay	398,169	-	-	-	398,169
Fees, Charges & Commissions:					
Civil and Court Fees	1,039,987	-	-	-	1,039,987
Court Attendance	25,752	-	-	-	25,752
Security Guard Service	373,460	-	-	-	373,460
Transportation of Prisoners	50,049	-	-	-	50,049
Feeding and Keeping of Prisoners	3,192,387	-	-	-	3,192,387
Commissions From Tax Collector	223,970	-	-	-	223,970
Pay Phone Commissions	54,232	-	-	-	54,232
Work Release Program	-	-	-	-	-
Inmate Commissary	-	-	-	366,527	366,527
Interest Earned	66,885	683	1,938	4,872	74,378
Local Match	-	23,029	-	-	23,029
Seized Assets	2,217	-	145,852	-	148,069
Donations	-	-	-	5,000	5,000
Miscellaneous	285,881	-	5,500	6,269	297,650
Total Revenues	<u>\$ 11,691,833</u>	<u>\$ 124,088</u>	<u>\$ 153,290</u>	<u>\$ 382,668</u>	<u>\$ 12,351,879</u>
Expenditures					
Public Safety:					
Salaries	5,306,463	100,326	-	-	5,406,789
Employee Benefits	1,590,810	4,341	-	-	1,595,151
Office Expenditures	284,676	-	-	10,871	295,547
Law Enforcement	281,021	-	93,861	283,489	658,371
Automobile	1,052,685	-	-	-	1,052,685
Professional Services	208,650	-	-	-	208,650
Interest	53,162	-	-	-	53,162
Miscellaneous	220,842	18,067	23,028	7,579	269,516
Feeding and Keeping of Prisoners	631,259	-	-	1,870	633,129
Capital Outlay	425,991	-	-	-	425,991
Debt Service:					
Principal	627,000	-	-	-	627,000
Interest	27,950	-	-	-	27,950
Total Expenditures	<u>\$ 10,710,509</u>	<u>\$ 122,734</u>	<u>\$ 116,889</u>	<u>\$ 303,809</u>	<u>\$ 11,253,941</u>

(Continued)

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Statement E

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004**

	General Fund	Tri-Parish Fund	Seized Assets Fund	Other Governmental Funds	Total
Excess Revenues (Expenditures)	981,324	1,354	36,401	78,859	1,097,938
Other Financing Sources (Uses)					
Operating Transfer In	309,826	-	-	40,305	350,131
Operating Transfer Out	(42,804)	-	-	(118,726)	(161,530)
Other Financing Sources - Refunding Bonds	535,000	-	-	-	535,000
Sales of Fixed Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>802,022</u>	<u>-</u>	<u>-</u>	<u>(78,421)</u>	<u>723,601</u>
Net Change in Fund Balances	1,783,346	1,354	36,401	438	1,821,539
Fund Balance (Deficit), Beginning, Before Prior Period Adjustment	(1,251,709)	36,862	8,163	102,329	(1,104,355)
Prior Period Adjustment	<u>45,816</u>	<u>-</u>	<u>-</u>	<u>32,850</u>	<u>78,666</u>
Fund Balance (Deficit) Beginning, After Prior Period Adjustment	(1,205,893)	36,862	8,163	135,179	(1,025,689)
Fund Balance, Ending	<u>\$ 577,453</u>	<u>\$ 38,216</u>	<u>\$ 44,564</u>	<u>\$ 135,617</u>	<u>\$ 795,850</u>

The accompanying notes are an integral part of this statement.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Statement F

**Reconciliation of the Change in Fund Balances of Government Funds
to the Statement of Activities
June 30, 2004**

Net Change in Fund Balances, Total Governmental Funds, Statement E **\$ 1,821,539**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 425,991	
Less current year depreciation	<u>(271,698)</u>	154,293
Refunding Bonds, Series 2003 principal retirement		627,000
Refunding Bonds, Series 2004 proceeds		(535,000)
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on an accrual basis		
Prior Year Accrued Interest	17,559	
Current Year Accrued Interest	<u>(4,649)</u>	<u>12,910</u>

Change in Net Assets of Governmental Activities, Statement B **\$ 2,080,742**

The accompanying notes are an integral part of this statement.

**Tangipahoa Parish Sheriff
Annite, Louisiana**

Statement G

**Combining Statement of Fiduciary Net Assets
June 30, 2004**

	Agency Funds							Total
	Civil Fund	Criminal Bond Fund	Advance Deposit Fund	Inmate Asset Fund	Tax Collector Fund	Work Release Program Fund	Work Release Inmate Asset Fund	
Assets								
Cash	\$ 68,027	\$ 279,583	\$ 249,919	\$ 66,857	\$ 208,273	\$ 5,861	\$ 38,214	\$ 916,734
Due from Other Funds	-	-	-	521	-	-	-	521
Total Assets	<u>\$ 68,027</u>	<u>\$ 279,583</u>	<u>\$ 249,919</u>	<u>\$ 67,378</u>	<u>\$ 208,273</u>	<u>\$ 5,861</u>	<u>\$ 38,214</u>	<u>\$ 917,255</u>
Liabilities and Fund Balances								
Liabilities:								
Due to Other Funds	\$ 68,027	\$ 42,822	\$ 784	\$ -	\$ -	\$ -	\$ -	\$ 111,633
Due to Other Governments	-	4,233	-	-	-	-	-	4,233
Due to Others	-	232,528	249,135	67,378	208,273	5,861	38,214	801,389
Total Liabilities	<u>\$ 68,027</u>	<u>\$ 279,583</u>	<u>\$ 249,919</u>	<u>\$ 67,378</u>	<u>\$ 208,273</u>	<u>\$ 5,861</u>	<u>\$ 38,214</u>	<u>\$ 917,255</u>
Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Sheriff
Amite, Louisiana

Statement H

Combining Statement of Changes in Fiduciary Net Assets
For the Year Ended 6/30/2004

	Agency Funds							Total
	Civil Fund	Criminal Bond Fund	Advance Deposit Fund	Inmate Asset Fund	Tax Collector Fund	Work Release Program Fund	Work Release Inmate Asset Fund	
Additions								
Deposits	\$ 3,126,318	\$ 1,870,269	\$ 272,546	\$ 680,373	\$ -	\$ 412,192	\$ 170,186	\$ 6,531,884
Tax Collections					21,325,819			21,325,819
Other	-	105,367	8,639	13,396	2,688,431	-	-	2,815,833
Total Assets	<u>\$ 3,126,318</u>	<u>\$ 1,975,636</u>	<u>\$ 281,185</u>	<u>\$ 693,769</u>	<u>\$ 24,014,250</u>	<u>\$ 412,192</u>	<u>\$ 170,186</u>	<u>\$ 30,673,536</u>
Deductions								
Taxes Distributed	\$ -	\$ -	\$ -	\$ -	\$ 23,314,338	\$ -	\$ -	\$ 23,314,338
Fines and forfeitures distributed	-	1,975,636	-	-	-	-	-	1,975,636
Other	3,126,318	-	281,185	693,769	699,912	412,192	170,186	5,383,562
Total Deductions	<u>\$ 3,126,318</u>	<u>\$ 1,975,636</u>	<u>\$ 281,185</u>	<u>\$ 693,769</u>	<u>\$ 24,014,250</u>	<u>\$ 412,192</u>	<u>\$ 170,186</u>	<u>\$ 30,673,536</u>
Change in Net Assets	-	-	-	-	-	-	-	-
Net Assets - Beginning	-	-	-	-	-	-	-	-
Net Assets - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Tangipahoa Parish Sheriff
Amite, Louisiana

Notes to Financial Statements
As of and for the Year Ended June 30, 2004

Introduction

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As chief law enforcement officer of the parish, the Sheriff has the responsibility of enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, when requested, the Sheriff provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, sporting licenses, fines, costs, and bond forfeitures imposed by the district court.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Tangipahoa Parish Sheriff have been prepared in conformity with auditing principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

B. Reporting Entity

The Sheriff is an independent elected official; however, the Sheriff is fiscally dependent on the Tangipahoa Parish Council. The Council maintains and operates the parish courthouse in which the Sheriff's office is located and provides funds for equipment and furniture of the Sheriff's office. Because the Sheriff is fiscally dependent on the Council, the Sheriff was determined to be a component unit of the Tangipahoa Parish Council, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Sheriff and do not present information on the Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended June 30, 2004**

C. Fund Accounting

The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain Sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all or most of the Sheriff's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources, which may be used to finance future period programs or operations of the Sheriff. The following are the Sheriff's governmental funds:

General Fund

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's office and accounts for the operations of the Sheriff's office. The Sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, et cetera. General operating expenditures are paid from this fund.

Special Revenue Fund

The Special Revenue Fund is established to account for the proceeds of specific revenue sources other than special assessments, expendable trust, or major capital projects that are legally restricted to expenditures for specified purposes.

Fiduciary Fund Type

Fiduciary fund reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended June 30, 2004**

D. Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in the General Fund and Other Funds, of Statements A and B, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled to a government-wide view of Sheriff operations.

The amounts reflected in the General Fund and Other Funds, of Statements A and B, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities for the current period. The Sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year. Commissions earned from the related State Revenue Sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Intergovernmental revenues are recorded when the Sheriff is entitled to the funds. Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Proceeds from the sale of fixed assets are accounted for as other financing sources and are recognized when received. Fixed assets acquired through capital leases are recorded as expenditures and other financing sources at the time of acquisition. Transfers between funds that are not expected

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended June 30, 2004**

to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the Sheriff.

Deferred Revenues

Deferred revenues arise when resources are received by the Sheriff before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the Sheriff has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Sheriff as a whole. These statements include all the financial activities of the Sheriff. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from the Sheriff as a user fee for services; program revenues reduce the cost of the function to be financed from the Sheriff's general revenues.

E. Budget Practices

The proposed budget for 2004 was made available for public inspection on May 22, 2003. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal prior to the public hearing, which was held at the Tangipahoa Parish Sheriff's office on June 2, 2003, for comments from taxpayers, and was adopted on the same day. The budget is legally adopted and amended, as necessary, by the Sheriff.

All expenditure appropriations lapse at year-end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

Encumbrance accounting is not used. However, formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended June 30, 2004**

F. Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits and interest bearing demand deposit accounts. Under state law, the Sheriff may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under laws of the United States. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

G. Investments

Investments are limited by Louisiana RS 33:2955 and the Sheriff's investment policy. If the original maturities of investments exceed ninety days, they are classified as investments; however, if the original maturities are ninety days or less, they are classified as cash equivalents.

H. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivable/payables.

I. Inventory

The Tangipahoa Parish Sheriff recognized inventory of \$30,511 as of June 30, 2004. The inventory consists of food substance for use in the cafeteria operated by the Sheriff's Office.

J. Fixed Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Data Processing Equipment	5 Years
Law Enforcement Equipment	5 to 15 Years
Office Furniture and Equipment	5 to 15 Years
Vehicles	5 Years

/

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended June 30, 2004**

K. Compensated Absences

The Sheriff's office has the following policy relating to vacation and sick leave:

The Sheriff's recognition and measurement criteria for compensated absences follow: GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

The current portion of the liability for compensated absences should be reported in the fund financial statements. The current portion is the amount left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. The remainder of the liability should be adjusted into the entity-wide column on Statements A and B.

All regular employees of the Sheriff's office earn eight hours of vacation leave each month. In addition to this, employees with 6 to 10 years of service accrue an additional 8 hours of vacation for each year of service, and employees with 16 to 20 years of service accrue another additional 8 hours of vacation for each year of service. Vacation leave may be accumulated during the year, but no more than eighty hours may carryover at year-end. The cost of vacation leave privileges is recognized as a current-year expenditure in the General Fund.

All regular employees of the Sheriff's office earn one day of sick leave each month. Sick leave may be accumulated; however, upon resignation or retirement, unused sick leave lapses. In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended June 30, 2004**

L. Restricted Net Assets

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either:

- a. externally imposed by, creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- b. imposed by law through constitutional provisions or enabling legislation.

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

N. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Sheriff, which are either unusual in nature or infrequent in occurrence.

O. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended June 30, 2004**

2. Levied Taxes

	Authorized Millage	Levied Millage	Expiration Date
Sheriff Operational	10.00	10.00	N/A
Law Enforcement	7.81	7.81	12/31/11

3. Cash, Cash Equivalents, and Investments

At June 30, 2004, the Sheriff has cash and cash equivalents (book balances) totaling \$1,223,056 as follows:

Cash on Hand	\$	1,755
Interest-Bearing Demand Deposit		1,221,301
	\$	1,223,056

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2004, the Sheriff has \$2,138,011 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$2,038,011 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent has failed to pay deposited funds upon demand.

At June 30, 2004, all investments held by the Sheriff are classified as cash equivalents.

4. Receivables

The receivables of \$50,657 at June 30, 2004, are as follows:

Accounts Receivable	\$	32,692
Grant Receivable		17,965
	\$	50,657

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended June 30, 2004**

5. Due From / To Other Funds

	Fund Type	Fund Classification	Due From Other Funds	Due to Other Funds
General Fund	General Fund	Major Fund	\$ 125,347	\$ 8,507
Tri-Parish	Special Revenue Fund	Major Fund	7,986	9,345
Seized Assets	Special Revenue Fund	Major Fund	-	-
Inmate Council Fund	Special Revenue Fund	Non-Major Fund	-	-
Criminal Bond Fund	Agency Fund	Agency Fund	-	42,822
Civil Fund	Agency Fund	Agency Fund	-	68,026
Advance Deposit Fund	Agency Fund	Agency Fund	-	784
Inmate Asset Fund	Agency Fund	Agency Fund	521	-
Tax Collector Fund	Agency Fund	Agency Fund	-	4,370
Work Release Fund	Agency Fund	Agency Fund	-	-
			<u>\$ 133,854</u>	<u>\$ 133,854</u>

6. Due from Other Governments

The individual balances due the General and Special Revenue Funds from other governmental units at June 30, 2004 is as follows:

	General Fund	Special Revenue Fund	Total
United States:			
Immigration and Naturalization Service	\$ 146,644	\$ -	\$ 146,644
U.S. Marshall	19,697	-	19,697
Internal Revenue Service	60,089	-	60,089
Others	17,965	-	17,965
State of Louisiana			
Lallie Kemp Security	13,042	-	13,042
Department of Social Services	2,255	-	2,255
Department of Corrections	196,875	-	196,875
Commission on Law Enforcement	-	59,579	59,579
Welfare Office	3,288	-	3,288
Tangipahoa Parish:			
Parish Council	91,431	-	91,431
School Board	10,406	-	10,406
Other Governmental Units	5,315	-	5,315
	<u>\$ 567,007</u>	<u>\$ 59,579</u>	<u>\$ 626,586</u>

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended June 30, 2004**

8. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2004, is as follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Vehicles	\$ 1,554,097	\$ 214,994	\$ -	\$ 1,769,091
Office Equipment	137,092	-	-	137,092
Law Enforcement Equipment	1,035,703	210,998	-	1,246,701
Data Processing Equipment	222,665	-	-	222,665
Total	<u>2,949,557</u>	<u>425,992</u>	<u>-</u>	<u>3,375,549</u>
Less Accumulated Depreciation:				
Vehicles	(1,234,636)	(129,501)	-	(1,364,137)
Office Equipment	(116,933)	(7,389)	-	(124,322)
Law Enforcement Equipment	(608,202)	(106,943)	-	(715,145)
Data Processing Equipment	(165,793)	(27,865)	-	(193,658)
Total	<u>(2,125,564)</u>	<u>(271,698)</u>	<u>-</u>	<u>(2,397,262)</u>
Capital Assets, Net	<u>\$ 823,993</u>	<u>\$ 154,294</u>	<u>\$ -</u>	<u>\$ 978,287</u>

Depreciation expense in the amount of \$271,698 was charged to public safety.

9. Pension Plan

Plan Description. Substantially all employees of the Tangipahoa Parish Sheriff's office are members of the Louisiana Sheriff's Pension and Relief Fund (System), a cost-sharing, multiple-employer defined pension plan, administered by a separate board of trustees.

All Sheriff's and all deputies who are found to be physically fit, who earn at least \$400 per month, and who were between the ages of 18 and 50 at the time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 2.5 percent for each year if total service is at least 12 but less than 15 years, 2.75 percent for each year if total service is at least 15 but less than 20 years, and 3 percent for each year if total service is at least 20 years. (Act 1117 of 1995 increased the accrual rate by 0.25 percent for all services rendered on or after January 1, 1980). In any case, the retirement benefit cannot exceed 100 percent of their final average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended June 30, 2004**

their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriff's Pension and Relief Fund, Post Office Box 3163, Monroe, Louisiana, 71220, or by calling (318) 362-3191.

Funding Policy. Plan members are required by state statute to contribute 9.8 percent of their annual covered salary and the Tangipahoa Parish Sheriff is required to contribute at an actuarially determined rate. That current rate is 7.75 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Tangipahoa Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:1103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Tangipahoa Parish Sheriff's contributions to the System for the years ended June 30, 2004, 2003, and 2002, were \$453,251, \$454,100, and \$402,607, respectively, equal to the required contributions for each year.

10. Deferred Compensation Plan

The Tangipahoa Parish Sheriff also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is only available to Sheriff employees who do not qualify for the regular pension plan and it permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Sheriff (without being restricted to the provisions of the benefits under the plan), subject only to the claims of the Sheriff's general creditors. Participants' rights under the plan are equal to those of general creditors of the Sheriff in an amount equal to the fair market value of the deferred account for each participant.

The Sheriff has the duty of due care that would be required of an ordinary prudent investor. The Sheriff believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended June 30, 2004**

11. Accounts, Salaries, and Other Payables

The payables at June 30, 2004, are as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Payroll Withholdings	\$ 16,015	\$ -	\$ 16,015
Accounts Payable	201,421	4,480	205,901
Total	<u>\$ 217,436</u>	<u>\$ 4,480</u>	<u>\$ 221,916</u>

12. Leases

The Sheriff records assets acquired through capital leases as an asset and an obligation in the accompanying financial statements. There were no capital leases as of June 30, 2004.

13. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2004. However, the reader should refer to Footnote 20 - Subsequent Events for details.

	<u>Bonded Debt</u>	<u>Total</u>
Long-Term Obligations Payable at July 1, 2003	\$ 520,000	\$ 520,000
Additions	535,000	535,000
Deletions	(627,000)	(627,000)
Long-Term Obligations Payable at June 30, 2004	<u>\$ 428,000</u>	<u>\$ 428,000</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2004:

	<u>Bonded Debt</u>	<u>Total</u>
Current Portion	\$ 107,000	\$ 107,000
Long-Term Portion	321,000	321,000
	<u>\$ 428,000</u>	<u>\$ 428,000</u>

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended June 30, 2004**

Bonds payable are comprised of the following individual issues:

Refunding Bonds:

\$535,000, Refunding Bonds, Series 2003, bear interest of 3.25% payable semiannually on March 1 and September 1 of each year, commencing on March 1, 2004, and principal payments of \$107,000 payable annually beginning on March 1, 2004, and ending March 1, 2008. A schedule of the outstanding Refunding Bonds, Series 2003 and the interest and principal requirements by dates is as follows:

Refunding Bonds, Series 2003

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
September 1, 2004		\$ 6,955	\$ 6,955
March 1, 2005	107,000	6,955	113,955
September 1, 2005		5,216	5,216
March 1, 2006	107,000	5,216	112,216
September 1, 2006		3,478	3,478
March 1, 2007	107,000	3,478	110,478
September 1, 2007		1,739	1,739
March 1, 2008	107,000	1,739	108,739
	<u>\$ 428,000</u>	<u>\$ 34,775</u>	<u>\$ 462,775</u>

14. Interfund Transfers

Transfers consisted of \$191,100 transferred from the Work Release Program to the General Fund for reimbursement of personnel services and related benefits.

15. Risk Management

The Sheriff's office is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. Currently, the Sheriff's office maintains coverage for general liability exposure, professional liability coverage, vehicle liability, and limited property coverages.

16. Taxes Paid Under Protest

The unsettled balances due to taxing bodies and others in the agency funds at June 30, 2004 as reflected on Statement G total \$208,273 and include \$155,368 of taxes paid under protest and accumulated interest. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended June 30, 2004**

17. Litigation and Claims

The Tangipahoa Parish Sheriff is involved in several lawsuits. In the opinion of the Sheriff's legal counsel, resolution of these lawsuits would not involve a substantial liability to the Sheriff.

18. On-Behalf Payments for Fringe Benefits and Salaries

During the year ended June 30, 2004, the Tangipahoa Parish Sheriff had the following on-behalf payments, which were recorded as revenues when received and expenditures when the cost was incurred as required by GASB Statement 24:

	Amount
State Supplement Pay	\$ 398,169
Sheriff's Pension and Relief Fund:	
State Revenue Sharing	36,359
Ad Valorem Taxes	70,693
	<u>\$ 505,221</u>

19. Prior Period Adjustment

Prior Period Adjustments totaling \$78,666 were made to correct beginning Fund Balances, with \$45,816 made to the General Fund and \$32,850 to the Inmate Council Fund. The adjustments were required for the following:

The adjustments to General Fund totaling \$45,816

- As of June 30, 2003, accounts payable owed but not yet accrued totaled \$4,822. This payable was not included in the financial statements of the Tangipahoa Parish Sheriff for the fiscal year ended June 30, 2003.
- As of June 30, 2003, an accrual to the Prisoner Assets account had to be corrected. This adjustment of \$3,100 was not included in the financial statements of the Tangipahoa Parish Sheriff for the fiscal year ended June 30, 2003.
- As of June 30, 2003, food inventory on hand, but not accrued, totaled of \$32,406. This inventory was not included in the financial statements of the Tangipahoa Parish Sheriff for the fiscal year ended June 30, 2003.
- As of June 30, 2003, certain Meth Grant incomes and expenditures were not correctly accounted for. This adjustment totaled \$1,607 was not included in the financial statements of the Tangipahoa Parish Sheriff for the fiscal year ended June 30, 2003.
- As of June 30, 2003, income from certain grants, specifically the LLECB and Meth grants, was incorrectly recorded. This resulted in an overstatement of LLECB grant income of \$52,949, and understatement of Meth grant income of \$17,131, and an understatement of the liability for deferred revenue of \$22,294, and therefore, an understatement of fund balance of \$13,525. This was not included in the financial statements of the Tangipahoa Parish Sheriff for the fiscal year ended June 30, 2003.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended June 30, 2004**

General Fund		
Date	Description	Amount
06/30/03	Fund Balance, Before Prior Period Adjustment	\$ (1,251,709)
	Prior Period Adjustment:	
06/30/03	- Decrease Fund Balance	(4,822)
06/30/03	- Increase Fund Balance	3,100
06/30/03	- Increase Fund Balance	32,406
06/30/03	- Increase Fund Balance	1,607
06/30/03	- Increase Fund Balance	13,525
06/30/03	Fund Balance, After Prior Period Adjustment	<u>\$ (1,205,893)</u>

The adjustment to Inmate Council Fund of \$32,850

- As of June 30, 2003, there was revenue which was not recorded in the Inmate Commissary Fund totaling \$32,850. This item, a deposit-in-transit, was not included in the financial statements of the Tangipahoa Parish Sheriff for the fiscal year ended June 30, 2003.

Inmate Council Fund		
Date	Description	Amount
06/30/03	Fund Balance, Before Prior Period Adjustment	\$ 69,978
	Prior Period Adjustment:	
06/30/03	- Increase Fund Balance	32,850
06/30/03	Fund Balance, After Prior Period Adjustment	<u>\$ 102,828</u>

20. Subsequent Events

On June 17, 2004, the Tangipahoa Parish Sheriff's Office obtained State Bond Commission approval to issue an Anticipation Certificate of the Law Enforcement District in a principal amount not to exceed Four Million Dollars (\$4,000,000). The Anticipation Certificate was to be issued as a revenue anticipation obligation for the Sheriff's fiscal year ending June 30, 2005, in order to ease the cash flow difficulties associated with the expenditures of the Sheriff's Office. Proceeds of the issue were received during July, August, and September of 2004.

The Series 1994 Bonds were originally issued at a face amount of \$1,650,000 and were due in principal installments of principal and semi-annual installments of interest through March 1, 2005, at an annual interest rate of 5.8%. The 7.80 ad valorem tax millage is dedicated to the repayment of this bond. On December 5, 2003, the Tangipahoa Parish Sheriff's Office paid the principal balance of \$520,000, and accrued interest and bond issue costs, of the Series 1994 Refunding Bonds with \$535,000 Refunding Bonds, Series 2003.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended June 30, 2004**

Terms of the new bond issue, \$535,000 of Refunding Bonds, Series 2003, bear interest on 3.25% payable semiannually on March 1 and September 1 of each year, commencing on March 1, 2004, and principal payments of \$107,000 payable annually beginning on March 1, 2004, and ending March 1, 2008. As of June 30, 2004, the principal balance was \$428,000.

On June 23, 2004, The Tangipahoa Parish Sheriff's Office was issued a Notice of Levy by the United States Treasury Department in the amount of \$728,992.84. This amount reflected an assessment of Civil Penalties for either failure to file or failure to file properly W-2 statements for the years ending December 31, 1996, 1997 and 1999. On June 30, 2004, a seizure order was issued by the United States Treasury against the Tangipahoa Parish Office for the amount outlined above. That seizure order was deferred by the U.S. Treasury Department in order to allow the Tangipahoa Parish Sheriff's Office additional time to provide additional reporting information to both the Social Security Administration and US Treasury Department. Representatives of the Tangipahoa Parish Sheriff's Office completed the information reporting to the US Treasury in July 2004; and, on November 18, 2004, the Tangipahoa Parish Sheriff's Office was notified by the Group Manager of the Department of the Treasury that all previously assessed penalties would be abated.

REQUIRED SUPPLEMENTAL INFORMATION

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 1

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2004**

	Original Budget	Final Budget	Actual Amounts - GAAP Basis	Final Budget Variance - Favorable/ (Unfavorable)
Revenues				
Taxes - Ad Valorem	\$ 4,365,000	\$ 4,365,000	\$ 4,629,759	\$ 264,759
Intergovernmental:				
Federal Grants	894,885	980,608	807,665	(172,943)
State Revenue Sharing	536,000	536,000	541,420	5,420
State Supplement Pay	422,000	400,000	398,169	(1,831)
Fees, Charges & Commissions:				
Civil and Court Fees	996,800	996,800	1,039,987	43,187
Court Attendance	10,000	22,000	25,752	3,752
Security Guard Service	410,000	350,000	373,460	23,460
Transportation of Prisoners	50,000	50,000	50,049	49
Feeding and Keeping of Prisoners	3,447,000	3,064,000	3,192,387	128,387
Commissions from Tax Collector Services	208,000	213,000	223,970	10,970
Pay Phone Commissions	60,000	65,000	54,232	(10,768)
Work Release Program	-	-	-	-
Interest Earned	56,000	35,000	66,885	31,885
Seized Assets	8,000	2,500	2,217	(283)
Miscellaneous	168,712	301,400	285,881	(15,519)
Total Revenues	<u>\$ 11,632,397</u>	<u>\$ 11,381,308</u>	<u>\$ 11,691,833</u>	<u>\$ 310,525</u>
Expenditures				
Public Safety				
Salaries	\$ 5,594,500	\$ 5,387,400	\$ 5,306,463	\$ 80,937
Employee Benefits	1,754,300	1,708,800	1,590,810	117,990
Office Expenditures	297,000	297,500	284,676	12,824
Law Enforcement	427,004	203,704	281,021	(77,317)
Automobile	1,034,000	1,166,000	1,052,685	113,315
Professional Services	106,000	150,000	208,650	(58,650)
Interest	80,000	90,000	53,162	36,838
Miscellaneous	108,600	82,400	220,842	(138,442)
Feeding and Keeping of Prisoners	611,200	589,200	631,259	(42,059)
Capital Outlay	258,329	382,000	425,991	(43,991)
Debt Service:				
Principal	240,000	182,500	627,000	(444,500)
Interest	45,000	45,000	27,950	17,050
Total Expenditures	<u>\$ 10,555,933</u>	<u>\$ 10,284,504</u>	<u>\$ 10,710,509</u>	<u>\$ (426,005)</u>

See auditor's report.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 1

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - GAAP Basis</u>	<u>Final Budget Variance - Favorable/ (Unfavorable)</u>
Excess Revenues (Expenditures)	1,076,464	1,096,804	981,324	(115,480)
Other Financing Sources (Uses)				
Operating Transfers In	\$ 172,000	\$ 197,000	\$ 309,826	\$ 112,826
Operating Transfers Out	(3,000)	(3,000)	(42,804)	(39,804)
Other Financing Sources - Refunding Bonds	-	-	535,000	535,000
Sales of Fixed Assets	-	-	-	-
Total Other Financing Sources (Uses)	\$ 169,000	\$ 194,000	\$ 802,022	\$ 608,022
Excess Revenues and Other Sources over Expenditures and Other Uses	1,245,464	1,290,804	1,783,346	492,542
Fund Balance, Beginning of Year	(322,535)	(1,166,592)	(1,251,709)	(85,117)
Prior Period Adjustment to Fund Balance	-	-	45,816	45,816
Fund Balance, End of Year	\$ 922,929	\$ 124,212	\$ 577,453	\$ 453,241

See auditor's report.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 2

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP) Basis and Actual
Special Revenue Fund - Tri-Parish
For the Year Ended June 30, 2004**

	Original Budget	Final Budget	Actual Amounts - GAAP Basis	Final Budget Variance - Favorable/ (Unfavorable)
Revenues				
Federal Grants	\$ -	\$ -	\$ 100,376	\$ 100,376
Interest Income	-	-	683	683
Local Match	-	-	23,029	23,029
Total Revenues	<u>-</u>	<u>-</u>	<u>124,088</u>	<u>124,088</u>
Expenditures				
Salaries	-	-	104,667	(104,667)
Law Enforcement	-	-	18,067	(18,067)
Total Expenditures	<u>-</u>	<u>-</u>	<u>122,734</u>	<u>(122,734)</u>
Excess Revenues	-	-	1,354	1,354
Fund Balance, Beginning of Year	<u>34,307</u>	<u>34,307</u>	<u>36,862</u>	<u>2,555</u>
Fund Balance, End of Year	<u><u>\$ 34,307</u></u>	<u><u>\$ 34,307</u></u>	<u><u>\$ 38,216</u></u>	<u><u>\$ 3,909</u></u>

See auditor's report.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 3

**Schedule Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenues Fund - Seized Assets
For the Year Ended June 30, 2004**

	Original Budget	Final Budget	Actual Amounts - GAAP Basis	Final Budget Variance - Favorable/ (Unfavorable)
Revenues				
Seized Assets	\$ -	\$ -	\$ 145,852	\$ 145,852
Interest Income	-	-	1,938	1,938
Miscellaneous	-	-	5,500	5,500
Total Revenues	<u>-</u>	<u>-</u>	<u>153,290</u>	<u>153,290</u>
Expenditures				
Law Enforcement	-	-	116,889	(116,889)
Total Expenditures	<u>-</u>	<u>-</u>	<u>116,889</u>	<u>(116,889)</u>
Excess Revenues (Expenditures)	-	-	36,401	36,401
Fund Balance, Beginning of Year Before Prior Period Adjustment	5,499	5,999	8,163	2,164
Prior Period Adjustment	-	-	-	-
Fund Balance, Beginning of Year As Restated	<u>5,499</u>	<u>5,999</u>	<u>8,163</u>	<u>2,164</u>
Fund Balance, End of Year	<u>\$ 5,499</u>	<u>\$ 5,999</u>	<u>\$ 44,564</u>	<u>\$ 38,565</u>

See auditor's report.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 4

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2004**

		Special Revenue Funds			
		DARE		Debt Service	
		Scholarship	Inmate	Fund	Total
		Fund	Council Fund	Fund	
Assets					
	Cash	\$ 29,480	\$ 65,832	\$ 40,305	\$ 135,617
	Due from Other Funds	-	-	-	-
	Total Assets	\$ 29,480	\$ 65,832	\$ 40,305	\$ 135,617
Fund Balances					
	Fund Balances:				
	Unreserved	\$ -	\$ 65,832	\$ -	\$ 65,832
	Reserved	29,480	-	40,305	69,785
	Total Fund Balances	\$ 29,480	\$ 65,832	\$ 40,305	\$ 135,617

See auditor's report.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 5

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2004**

	Special Revenue Funds			Total
	DARE			
	Scholarship Fund	Inmate Council Fund	Debt Service Fund	
Revenues				
Inmate Commissary	\$ -	\$ 366,527	\$ -	\$ 366,527
Interest Income	1,107	3,765	-	4,872
Donations	5,000	-	-	5,000
Miscellaneous	-	6,269	-	6,269
Total Revenues	<u>6,107</u>	<u>376,561</u>	<u>-</u>	<u>382,668</u>
Expenditures				
Law Enforcement	8,978	294,831	-	303,809
Total Expenditures	<u>8,978</u>	<u>294,831</u>	<u>-</u>	<u>303,809</u>
Excess Revenues (Expenditures)	(2,871)	81,730	-	78,859
Other Financing Sources (Uses)				
Operating Transfers From (To) other Funds	-	(118,726)	40,305	(78,421)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(118,726)</u>	<u>40,305</u>	<u>(78,421)</u>
Excess (Deficit) Revenues and Other Sources over Expenditures and Other Uses	(2,871)	(36,996)	40,305	438
Fund Balance, Beginning of Year - Originally Stated	32,351	69,978	-	102,329
Prior Period Adjustment	-	32,850	-	32,850
Fund Balance, End of Year	<u>\$ 29,480</u>	<u>\$ 65,832</u>	<u>\$ 40,305</u>	<u>\$ 135,617</u>

See auditor's report.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 6

**Schedule of Governmental Fund Expenditures
For the Year Ended June 30, 2004**

	Personal Services & Related Benefits	Travel & Training Costs	Operating Services & Supplies	Capital Outlay	Debt Service	Total
General Fund						
Public Safety:						
Admin. - Insurance & Professional Fees	\$ -	-	\$ 348,805	-	-	\$ 348,805
Admin. - Law Enforce. Supplies, Uniform, Other	-	-	260,019	-	-	260,019
Admin. - Other	-	-	363,778	-	-	363,778
Automotive Services	-	-	1,052,685	-	-	1,052,685
Criminal Investigation	-	-	14,428	-	-	14,428
Data Processing	-	-	1,586	-	-	1,586
Prison Expense - Feeding Prisoners	-	-	346,686	-	-	346,686
Prison Expense - Prisoner Medical	-	-	228,420	-	-	228,420
Prison Expense - Other	-	-	56,153	-	-	56,153
Public Safety Enforcement - Salaries & Benefits	6,897,273	-	-	-	-	6,897,273
Stations and Buildings	-	-	-	-	-	-
Training	-	6,574	-	-	-	6,574
Capital Outlay	-	-	-	425,991	-	425,991
Debt Service	-	-	-	-	708,112	708,112
Total General Fund Expenditures	\$ 6,897,273	\$ 6,574	\$ 2,672,560	\$ 425,991	\$ 708,112	\$ 10,710,510

See auditor's report.

Tangipahoa Parish Sheriff
Amite, Louisiana

Schedule 6

Schedule of Governmental Fund Expenditures
For the Year Ended June 30, 2004

	Personal Services & Related Benefits	Travel & Training Costs	Operating Services & Supplies	Capital Outlay	Debt Service	Total
Other Funds						
Public Safety:						
Admin. - Law Enforce. Supplies, Uniforms, Other	-	-	557,491	-	-	557,491
Public Safety Enforcement - Salaries & Benefits	104,667	-	-	-	-	104,667
Total Other Funds	<u>104,667</u>	<u>-</u>	<u>557,491</u>	<u>-</u>	<u>-</u>	<u>662,158</u>
Total All Governmental Funds	<u>\$ 7,001,940</u>	<u>\$ 6,574</u>	<u>\$ 3,230,051</u>	<u>\$ 425,991</u>	<u>\$ 708,112</u>	<u>\$ 11,372,668</u>

	General Fund	Other Funds
Disclosure Required by LRS 42:283-286		
Sheriff's Salary	\$ 116,942	\$ -
Deputy Salaries	4,516,176	104,667
Office Supplies and Furnishings	284,676	-
Purchase of Automobiles and Other Vehicles	214,994	-
Maintenance and Upkeep of Automobiles	1,052,684	-
Transporting Prisoners	1,296	-
Feeding Prisoners	346,686	-
Other Expenditures	4,177,057	557,491
Total Expenditures	<u>\$ 10,710,511</u>	<u>\$ 662,158</u>

See auditor's report.

OTHER SUPPLEMENTAL INFORMATION

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 7

**Schedule of Expenditures of Federal Awards
June 30, 2004**

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Justice			
Direct Programs			
Local Law Enforcement Block Grant (LLEBG)	16.592	2003LBBX2620	
	16.592	2002LBBX2343	\$ 193,495
COPS in Schools Award	16.710	2002-SH-WX-0383	145,211
COPS Methamphetamine Grant	16.710	2002-CK-WX-0356	100,960
	16.710	2003-CK-WX-0066	28,490
COPS Technology Grant	16.710	2002-CK-WX-0076	112,228
U.S. Department of Treasury			
Direct Programs			
Gang Resistance Education & Training (GREAT)	21.053	ATC 03000263	18,063
Passed Through Louisiana Commission on Law Enforcement			
Develop Accountability-Based Sanctions (Juvenile Accountability Block Grant Incentive Program)	16.523	A00-8-016	2,007
Develop Accountability-Based Sanctions (Juvenile Accountability Block Grant Incentive Program)	16.523	A00-8-016	3,158
Develop Accountability-Based Sanctions (Juvenile Accountability Block Grant Incentive Program)	16.523	A002-8-16	7,993
In-Home Detention	16.540	J00-5-018	6,673
In-Home Detention	16.540	J03-5-004	7,235
Victim Assistance	16.575	C02-5-009	33,316
Victim Assistance	16.575	C03-5-008	35,145
Victim Assistance	16.575		9,837
Family Strengthening Program	16.548	W01-5-002	54,480
D.A.R.E. Grant	16.579	E03-5-010	300
D.A.R.E. Grant	16.579	E04-5-010	26,695
Multi-Jurisdictional Task Force	16.579	B02-5-004	7,869
Multi-Jurisdictional Task Force	16.579	B03-5-004	69,340
Multi-Jurisdictional Task Force	16.579	B02-5-030	26,321
Law Enforcement Policy Development	16.588	M02-5-011	5,616
Law Enforcement Policy Development	16.588	M01-5-006	8,374
U.S. Department of Transportation			
Passed Through Louisiana Highway Safety Commission			
Safe & Sober	20.600	J8-03-10-30	11,879
Tangipahoa Traffic Accident F&I Prevention Program	20.600	PT 03-02-10	2,574
Total Expenditures of Federal Awards			<u>\$ 917,259</u>

Note 1. Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of the Tangipahoa Parish Sheriff and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

See auditor's report.

**OTHER INDEPENDENT AUDITOR'S REPORTS &
FINDINGS AND RECOMMENDATIONS**

Summary Schedule of Prior Year Audit Findings

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 8

**Summary Schedule of Prior Year Audit Findings
For The Year Ended June 30, 2004**

Section I – Internal Control and Compliance Material to the Financial Statements

Reference Number: 2001-C7

Fiscal Year Finding Initially Occurred: June 30, 2001

Description of Finding: The Sheriff's Office had a negative book balance in its cash account resulting in the office being in noncompliance with its bond covenant. The office also used legally restricted grant funds to pay current expenditures.

Corrective Action Taken: Final

Reference Number: 2002-C1

Fiscal Year Finding Initially Occurred: June 30, 2002

Description of Finding: The Sheriff's Office had an accumulated deficit in its General Fund as of June 30, 2003, totaling \$1,251,709.

Corrective Action Taken: Final

Reference Number: 2002-C2

Fiscal Year Finding Initially Occurred: June 30, 2002

Description of Finding: The Sheriff's Office did not follow the requirements of the public bid law when purchasing uniforms.

Corrective Action Taken: No corrective action taken. See *Corrective Action Plan for Current Year Audit Findings* Reference Number 2004-C4 for instances noted during the current year audit in which the Sheriff's Office failed to comply with the requirements of the public bid law.

Reference Number: 2002-C3

Fiscal Year Finding Initially Occurred: June 30, 2002

Description of Finding: The Sheriff's Office transferred legally restricted cash from various funds to the General Fund to pay current expenditures.

Corrective Action Taken: Final

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 8

**Summary Schedule of Prior Year Audit Findings
For The Year Ended June 30, 2004**

Reference Number: 2002-C4

Fiscal Year Finding Initially Occurred: June 30, 2002

Description of Finding: The Sheriff's Office failed to adequately monitoring of petty cash funds and did not deposit funds received daily as required by Louisiana Revised Statute 39:1212.

Corrective Action Taken: No corrective action taken. See *Corrective Action Plan for Current Year Audit Findings* Reference Number 2004-C6 and Reference Number 2004-I/C13 for instances noted during the current year audit in which proper reconciliation of petty cash was not performed and currency received was not deposited daily as required by Louisiana Revised Statute 39:1212.

Reference Number: 2002-C5

Fiscal Year Finding Initially Occurred: June 30, 2002

Description of Finding: The Sheriff's Office continued to carry a deputy on active payroll for approximately two and one-half years after accumulated vacation and sick leave was exhausted.

Corrective Action Taken: Final

Reference Number: 2001-F1

Fiscal Year Finding Initially Occurred: June 30, 2001

Description of Finding: The Sheriff's Office deposited legally restricted funds to the General Fund to pay current expenditures.

Corrective Action Taken: Final

Reference Number: 2003-C2

Fiscal Year Finding Initially Occurred: June 30, 2003

Description of Finding: The Sheriff's Office borrowed money from its fiscal agent bank without obtaining approval from the Louisiana State Bond Commission as required by Louisiana Revised Statutes 39:1410.60.

Corrective Action Taken: No corrective action taken. See *Corrective Action Plan for Current Year Audit Findings* Reference Number 2004-C2 for instances noted during the current year audit in which the Sheriff's Office borrowed money without obtaining approval from the Louisiana State Bond Commission as required by Louisiana Revised Statute 39:1410.60.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 8

**Summary Schedule of Prior Year Audit Findings
For The Year Ended June 30, 2004**

Reference Number: 2003-F1

Fiscal Year Finding Initially Occurred: June 30, 2003

Description of Finding: The Sheriff's Office transferred money from three separate legally restricted grant funds to the General Fund to pay current expenditures.

Corrective Action Taken: Final

Reference Number: 2001-C4

Fiscal Year Finding Initially Occurred: June 30, 2001

Description of Finding: The Sheriff's Office paid credit card charges and reimbursed employees for meal charges without proper documentation as to business purpose for the purchase.

Corrective Action Taken: No corrective action taken. See *Corrective Action Plan for Current Year Audit Findings* Reference Number 2004-I/C14 for instances noted during the current year audit in which the Sheriff's Office paid expenditures without adequate documentation as to business purpose for the purchase.

Reference Number: 2003-C1

Fiscal Year Finding Initially Occurred: June 30, 1996

Description of Finding: The Sheriff's Office fixed asset management software is obsolete, does not provide an adequate audit trail to account for transactions entered, has not been properly updated for fixed assets purchased and other procedures related to proper fixed asset control have not been implemented.

Corrective Action Taken: No corrective action taken. See *Corrective Action Plan for Current Year Audit Findings* Reference Number 2004-I/C16 for conditions noted during the current year audit regarding fixed asset management and control procedures.

Section II – Internal Control and Compliance Material to Federal Awards

Reference Number: 2003-F1

Fiscal Year Finding Initially Occurred: June 30, 2003

Description of Finding: The Sheriff's Office transferred money from three separate legally restricted grant funds to the General Fund to pay current expenditures.

Corrective Action Taken: Final

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 8

**Summary Schedule of Prior Year Audit Findings
For The Year Ended June 30, 2004**

Reference Number: 2003-F2

Fiscal Year Finding Initially Occurred: June 30, 2003

Description of Finding: The Sheriff's Office did not segregate federal grant expenditures within the General Fund from other non-federal expenditures making it impossible to properly monitor the federal grant expenditures against the approved grant budget.

Corrective Action Taken: No corrective action taken. See *Corrective Action Plan for Current Year Audit Findings* Reference Number 2004-FI/C1 for conditions noted during the current year audit regarding lack of proper segregation of expenditures by grant within the General Fund.

Section III – Management Letter

Reference Number: 95-M1

Fiscal Year Finding Initially Occurred: June 30, 1995

Description of Finding: The Sheriff's Office did not implement auditor's recommendation regarding programming changes required to record all collections of the "Taxes-Other" account of the Tax Collector Agency Fund.

Corrective Action Taken: No corrective action taken. See *Corrective Action Plan for Current Year Audit Findings* Reference Number 2004-M4 for conditions noted during the current year audit regarding deficiencies in the general ledger software used to account for the receipt and disbursements of funds in the "Taxes-Other" account of the Tax Collector Agency Fund.

Reference Number: 99-M1

Fiscal Year Finding Initially Occurred: June 30, 1999

Description of Finding: The Sheriff's Office did not maintain accurate subsidiary ledgers for accounts receivables that were reconciled to the general ledger control accounts on a regular and adjusted properly to account for actual collections received.

Corrective Action Taken: No corrective action taken. See *Corrective Action Plan for Current Year Audit Findings* Reference Number 2004-I/C5 for conditions noted during the current year audit regarding accounts receivable for prisoner housing billings.

Reference Number: 99-M2

Fiscal Year Finding Initially Occurred: June 30, 1999

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 8

**Summary Schedule of Prior Year Audit Findings
For The Year Ended June 30, 2004**

Description of Finding: The Sheriff's Office payroll time sheets were not properly signed by the employee and the employees' supervisor documenting the actual time worked.

Corrective Action Taken: No corrective action taken. See *Corrective Action Plan for Current Year Audit Findings* Reference Number 2004-FC1 for conditions noted during the current year audit regarding time sheets not properly completed and/or approved.

Reference Number: 2003-M1

Fiscal Year Finding Initially Occurred: June 30, 2003

Description of Finding: The Sheriff's Office did not obtain signature from inmate for prison commissary purchases.

Corrective Action Taken: No corrective action taken. See *Corrective Action Plan for Current Year Audit Findings* Reference Number 2004-I/C15 for conditions noted during the current year audit regarding failure to obtain signatures from inmates for prison commissary purchases.

**Independent Auditor's Report on Compliance and on
Internal Control over Financial Reporting Based on an
Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA

John N. Durnin, CPA
Dennis E. James, CPA

Member
American Institute of CPA's
Society of Louisiana CPA's

November 18, 2004

Independent Auditor's Report on Compliance and on
Internal Control over Financial Reporting Based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

The Honorable Sheriff, Daniel Edwards
Parish of Tangipahoa
Amite, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tangipahoa Parish Sheriff, a component unit of the Tangipahoa Parish Council, Amite, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Tangipahoa Parish Sheriff's basic financial statements, and have issued our report thereon dated November 18, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Tangipahoa Parish Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying *Summary Schedule of Prior Year Audit Findings* as Reference Numbers 2002-C2, 2002-C4 and 2003-C2 and within the *Corrective Action Plan for Current Year Audit Findings* as Reference Numbers 2004-C1 through 2004-C12 and 2004-FC1 through 2004-FC4.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Tangipahoa Parish Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to the auditors attention relating to significant deficiencies in the design and operation of the internal control over financial reporting that, in our judgment, could adversely affect the Tangipahoa Parish Sheriff's ability to record, process, summarize and report financial data consistent with the assertions of

The Honorable Daniel Edwards, Sheriff
Tangipahoa Parish Sheriff's Office

management in the financial statements. Reportable conditions are described in the accompanying *Summary Schedule of Prior Year Audit Findings* as Reference Numbers 2001-C4, 2003-C1 and 2003-F2, and within the *Corrective Action Plan for Current Year Audit Findings* as Reference Numbers 2004-I/C1 through 2004-I/C19 and 2004-FI/C1 through 2004-FI/C4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, of the reportable conditions described above, we consider Reference Numbers 2004-I/C1, 2004-I/C2, 2004-I/C3, 2004-I/C4, 2004-I/C6, 2004-I/C10 and 2004-I/C16 to be material weaknesses.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Durnin & James, CPAs
(A Professional Corporation)

Findings and Recommendations

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 9

**Corrective Action Plan for Current Year Audit Findings
For The Year Ended June 30, 2004**

Section I – Internal Control and Compliance Material to the Financial Statements

Compliance

2004-C1 – Inappropriate Expenditure of Restricted DARE Scholarship Funds

Description of Finding: During our audit and testing of cash disbursements from the Dare Scholarship Fund, we noted several inappropriate expenditures of the Dare Scholarship Funds detailed as follows:

- La Carretta Mexican Restaurant - dinner for 25 – Total - \$595.58, Liquor - \$181.50
- American Heart Association - donation for \$1,000.00
- Richard Murphy Hospice - donation for \$1,000.00
- Boy Scouts of America - donation for \$300.00
- Special Olympics - donation for \$1,000.00
- Marva Fultz - \$100, Lillian McElveen - \$100, Leona Blair - \$100 - no documentation available
- Lanny Murrell Jeweler - \$49.28 for Oyster Pendant for Amite Oyster Festival
- Mr. Harrell Alford for printing of DARE emblem on motorized parachute for \$1,000.00
- Mr. Anteaus Lewis - \$700.00 for scholarship - no documentation available
- Mr. Robert Walker - \$700.00 for scholarship - no documentation available
- Dell Marketing - \$1,346.84 for a Laptop computer. Unable to locate computer.
- James Quick Stop - \$987.00. Owned by Mr. James Peoples, an employee of the Tangipahoa Parish Sheriff's office. No documentation was available. Mr. Terry Zafuto with Hammond Police Department verbally indicated purchase of supplies for "Poker Run" to raise money for "Blue Knights", an international law enforcement motorcycle organization

Funds accumulated in the DARE Scholarship Fund were received in part from donations by the Hammond Rotary Club from the proceeds of an annual golf tournament benefiting the DARE program. In our opinion, the above expenditures from the DARE Scholarship Fund were not made in accordance with the donor's intent. Furthermore, Article 7, Section 14 of the Louisiana Constitution prohibits the donation of public funds. We believe the donations identified above are in violation of Article 7, Section 14 of the Louisiana Constitution. In addition, Louisiana Revised Statutes 42:1112 prohibits public employees from participating in a transaction in which he has a personal substantial economic interest of which he may be reasonably expected to know involving the governmental entity. We believe the purchase from James Quick Stop, owned by an employee of the Tangipahoa Parish Sheriff's office, to be a violation of Louisiana Revised Statutes 42:1112. Improvement is needed in the administration of the DARE Scholarship Fund to ensure that money in the DARE Scholarship Fund is spent in accordance with the donor's intent and in compliance with state law. This finding occurred because there were no written guidelines established for the use of these donated funds, the checking account for the DARE Scholarship Fund was not maintained in the central accounting office, accounting records in the form of a cash receipts journal, cash disbursements journal and general ledger for the fund was not maintained, normal procedures in the central accounting office for the review and approval of expenditures were not followed and the deputy in charge of the DARE program was not allowed to review and approve these expenditures in advance to make sure that they were in accordance with the

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 9

**Corrective Action Plan for Current Year Audit Findings
For The Year Ended June 30, 2004**

donor's intent and consistent with the DARE program's purpose. As a result, these expenditures from the DARE Scholarship Fund were not in accordance with the donor's intent and were in violation of state law.

Recommendation: We recommend that the Tangipahoa Parish Sheriff's Office move the DARE Scholarship Fund checking account to the central accounting office, have the central accounting office maintain accurate accounting records on the account and require two approval signatures on all checks drawn on the DARE Scholarship Fund account with one signature being that of the deputy in charge of the DARE program. In addition, we recommend that the Tangipahoa Parish Sheriff appoint a citizens advisory committee to draft specific guidelines for the administration and disbursement of the DARE Scholarship Fund consistent with the donor's intent. Furthermore, we recommend that the Tangipahoa Parish Sheriff's Office transfer \$8,978.70 from the General Fund to the DARE Scholarship Fund to reimburse the DARE Scholarship Fund for these inappropriate expenditures.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations as stated in the audit report. It should be noted that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices with regard to the account. In addition to the recommendations of the auditor, the account will be renamed to the **DARE LOCAL GRANT FUND**. One of the grant administrators currently employed with the Tangipahoa Parish Sheriff's Office will be assigned to administer the grant funds. The procedure used to acquire and disburse funds will be the same as those utilized by the Bureau of Justice Assistance. Quarterly reports will be generated to the advisory committee, along with the written request for funds and disbursements. With regard to the Dare Coordinator being one of the authorized signatures on the checking account, the Tangipahoa Parish Sheriff's Office finds it to be unnecessary. If the request is submitted by the Dare Coordinator and it is an approved disbursement according to guidelines, then internal control would best be served by two other individuals actually signing the disbursement.

Anticipated Completion Date: December 14, 2004

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-C2 – Failure to Obtain Approval from State Bond Commission to Incur Debt

Description of Finding: During our audit and testing of cash and expenditures, we noted two instances in which the Tangipahoa Parish Sheriff's Office borrowed money without the prior approval of the Louisiana State Bond Commission. This condition was noted in the prior year audit as finding 2003-C2. On November 12, 2003, the Tangipahoa Parish Sheriff's Office borrowed \$400,000 to fund current operations from AmSouth Bank that was repaid on January 14, 2004, and also borrowed \$363,741 to fund its insurance premium on November 13, 2003, from First Insurance Funding Corporation that was repaid on June 1, 2004. There is no evidence in the files that the Tangipahoa Parish Sheriff's Office obtain approval for either of these loans from the State Bond Commission as required by law. Louisiana

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 9

**Corrective Action Plan for Current Year Audit Findings
For The Year Ended June 30, 2004**

Revised Statutes 39:1410.60 requires that the State Bond Commission must give its consent and approval when any public body borrows money, incurs debt or issues bonds or other evidences of debt or levying taxes or pledging uncollected taxes or revenues for the payment thereof, except for purchases made in the ordinary course of administration on terms of credit not to exceed ninety days. The Tangipahoa Parish Sheriff's Office had properly borrowed \$3,000,000 on July 1, 2003, from AmSouth Bank through a pledge of future ad valorem taxes that was repaid on April 4, 2004. Improvement is needed in the area of cash flow management to ensure that proper budgetary controls are maintained, that the sheriff's office operates in an environment free of fiscal crisis, and that the sheriff's office complies with the requirement of state law related to the issuance of debt. These conditions were caused by the former Chief Civil Deputy's failure to adequately forecast future cash flow requirements when the \$3,000,000 Revenue Anticipation Certificate was issued on July 1, 2003. As a result, the Tangipahoa Parish Sheriff's Office was unable to adequately fund the current operations of the office with the approved \$3,000,000 loan on July 1, 2003, resulting in additional debt being incurred that was not approved by the State Bond Commission as required by state law.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office improve its budgetary control procedures and cash flow forecasting methods to provide sufficient operating surpluses to eliminate the need to fund current operations through borrowed funds. In addition, we recommend the Tangipahoa Parish Sheriff's obtain proper approval from the State Bond Commission prior to borrowing funds to fund current operations as required by LSA-R.S. 39:1410.60.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and recommendation as stated in the audit report. It should be noted that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices with regards to its procedure of forecasting budgets and borrowing money. In addition to the recommendations, the Tangipahoa Parish Sheriff's Office will utilize new accounting software, which is more suitable to a government environment. The software will enable management to view receipt and disbursement history in order to forecast, prepare, and maintain balanced budgets on an accrual basis. On a monthly basis, meetings will be scheduled with staff members to discuss budget changes, large purchases, and general budget issues.

Anticipated Completion Date: March 31, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-C3 – Failure to Comply with Federal and State Payroll Tax Reporting Regulations

Description of Finding: During our audit and testing of payroll, we noted that in prior years the Tangipahoa Parish Sheriff's Office paid to the Internal Revenue Service \$60,088.51 that resulted from a garnishment by the Internal Revenue Service on money owed to the sheriff's office by federal agencies for the housing of federal inmates. The garnishment was to satisfy outstanding payroll tax liens. This amount is carried on the books of the sheriff's office as an accounts receivable due from the Internal

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 9

**Corrective Action Plan for Current Year Audit Findings
For The Year Ended June 30, 2004**

Revenue Service, is over one year old and remains unpaid. In addition, on June 23, 2004, the Internal Revenue Service issued a notice of levy against Tangipahoa Parish Sheriff's Office's bank account at AmSouth Bank for civil penalties and statutory additions totaling \$728,992.84 for failure to properly file employee Forms W-2 for December 31, 1996 (\$292,169.38), for December 31, 1997 (\$436,239.48) and for December 31, 1999 (\$583.98). On June 30, 2004, the Internal Revenue Service filed an order for seizure of funds at AmSouth Bank to satisfy this levy. Furthermore, during the current fiscal year we noted payroll tax penalties assessed by the Internal Revenue Service for failure to pay tax deposits on time totaling \$5,979.01, and penalties and interest assessed by the Louisiana Department of Revenue for failure to file and pay state withholding taxes on time totaling \$2,407.80. The tax liens issued for late filing W-2's for 1996, 1997, and 1999 were released on June 30, 2004, and on November 18, 2004, correspondence from the Internal Revenue Service indicated the penalties would be abated. Improvement is needed in the administration of payroll to ensure that all federal and state payroll regulations are complied with, to eliminate the possibility of additional penalties and interest being incurred and to resolve the current outstanding payroll liens, penalties and interest at the least possible cost to taxpayers. These conditions were caused by errors on the part of the prior payroll clerk that were not caught on a timely basis by the former Chief Civil Deputy. Furthermore, failure by the former Chief Civil Deputy to adequately respond to inquiries by the Internal Revenue Service in an attempt to resolve the outstanding civil penalties ultimately led to the notice of tax levy being issued on June 23, 2004. As a result, the Tangipahoa Parish Sheriff's Office did not comply with the payroll filing, reporting and payment requirements resulting in penalties, interest, and liens being assessed.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office consider outsourcing its payroll function to an independent payroll service provider responsible for complying with all applicable federal and state payroll regulations. Furthermore, we recommend the Tangipahoa Parish Sheriff's Office continue to pursue refunds of all outstanding penalties assessed with the Internal Revenue Service and the Louisiana Department of Revenue.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and recommendation as stated in the audit report. It should be noted that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices with regard to payroll. Upon assuming office on July 1, 2004, immediate attention was given to the prior payroll practices. The Tangipahoa Parish Sheriff's Office began immediately to seek independent outside sources to produce the payroll with assurance that all payroll taxes are promptly paid. The first outsourced payroll was completed in early September. All payroll taxes are paid prior to the issuance of the compensation to the employee. On June 30, 2004, the Internal Revenue Service did in fact place a lien against the Tangipahoa Parish Sheriff's Office in excess of \$700,000.00. As of this date the penalties have been abate but no refunds have been received. Some of the penalties according to the Internal Revenue Service will be refunded, however some of the penalties, which were incurred and paid, will not.

Anticipated Completion Date: This corrective action was completed on the first bi-weekly payroll on September 15, 2004.

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Amite, Louisiana**

Schedule 9

**Corrective Action Plan for Current Year Audit Findings
For The Year Ended June 30, 2004**

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-C4 – Failure to Comply with the Public Bid Law

Description of Finding: During our audit and testing of expenditures, we noted several instances in which the Tangipahoa Parish Sheriff's Office failed to comply with the provisions of the public bid law detailed as follows:

- Prison Cafeteria Food Products and Supplies (Multiple Vendors) - \$339,042.93
- Prison Commissary Food Products and Supplies (Multiple Vendors) - \$282,089.16
- Inmate Medical Supplies (Single Vendor) - \$165,108.10

This condition was noted in the prior year audit as finding 2002-C2. State law, Louisiana Revised Statutes 38:2212.1 requires that all purchases of materials or supplies exceeding the sum of \$20,000 to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised. The advertisement required must be published two times in a newspaper in the locality, the first advertisement to appear at least fifteen days before the opening of bids. The prison cafeteria manager provided us with a copy of Attorney General Opinion No. 83-125 and a memorandum from the Louisiana Legislative Auditor dated January 10, 1986, confirming the applicability of the Public Bid Law to sheriffs for the purchase of food to feed prisoners. While the prison cafeteria manager does solicit bids from local vendors, there is no public advertisement of the bids as required by state law. Furthermore, we noted the bid specification sheet currently used contains a clause requiring *"if necessary deliveries must be available on a one hour notice"* effectively eliminating non-local vendors for bidding. We also noted that copies of the accepted bids were not forwarded to accounts payable to verify unit prices on vendor invoices prior to payment. During our testing of purchases for the prison cafeteria, we selected thirty-six vendor invoices for testing resulting in 114 individual product items tested. Of the 114 items tested, we noted 13 instances in which the purchase was not made from the low bidder, 13 instances in which the unit price charged by the vendor exceeded the unit price quoted by the vendor, and 24 instances in which we were unable to verify the correct amount paid for an item against the vendor bid amount because we were unable to locate the item on the vendor bid specification sheet. Improvement is needed in this area to make sure that purchases are made at the lowest possible price and the requirements of the Public Bid Law are complied with. These conditions were caused by lack of adequate internal controls over purchasing, a de-centralized purchasing system that allowed for various individuals to purchase materials and supplies without complying with the requirements of the public bid law and the lack of providing approved bids to accounts payable for review and verification prior to payment. As a result, the Tangipahoa Parish Sheriff's Office did not comply with the specific provisions of the Public Bid Law and there were instances in which products were purchased from the highest bidder and in amounts in excess of the unit price bid.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office review its existing internal controls over purchasing and consider establishing a centralized purchasing office that would be responsible for the procurement of all goods and services for the sheriff's office. Procurement requests

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 9

**Corrective Action Plan for Current Year Audit Findings
For The Year Ended June 30, 2004**

by individual departments could be submitted to central purchasing through the use of purchase requisitions with the ultimate responsibility for bidding, purchase order preparation, invoice review and approval and invoice payment residing with central purchasing. We further recommend that the sheriff's office eliminate the one-hour delivery requirement from the bid specifications for the prison cafeteria purchases, develop a standardized bid specification sheet for the commissary purchases and inmate medical purchases and advertise for public bids for these purchases as well as any other purchases by the sheriff's office that are subject to the Public Bid Law.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations as stated in the audit report, with some exceptions. It should be noted that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices with regard to the purchasing of food, commissary, or medical supplies for the prison. In view of the fact that this has been a finding in previous years audits, it was found that an attempt was made to comply with LSA-RS 38:2212.1. Although the method of the procedure of the attempt to comply did not meet all the specifications, it was practical. The objective was to produce a nutritious meal at the least cost on a per meal basis. Although this was accomplished, it still does not comply with the statute.

The Tangipahoa Parish Sheriff's Office will approach the non-compliance issue using several different methods.

1. Prison Cafeteria Food Products and Supplies

- A. Attempt to devise a Cooperative Endeavor Agreement with another governmental agency, which purchases large amounts of food products. This would be the School System or similar. The agreement although not required by statute would allow both agencies to participate in bidding. Both agencies by agreement could then reduce their respective cost because of the larger volume purchased from the successful bidder. The enlargement of the purchasing would also allow an enlargement of storage of the commodities. *The one-hour delivery stipulation* could be resolved by the two agencies borrowing in times of an emergency or shortage.
- B. Obtain the approval of the successful bidders of other governmental agencies to **piggyback** the bid, which is already in place.
- C. The successful vendor or successful provider would provide the bid amounts on software compatible with the prison's computer system. All transactions from the bidding process, ordering, delivery and invoicing would be on the same software. This would allow simple internal control on the exact price bided being the same amount invoiced.

**Tangipahoa Parish Sheriff
Amite, Louisiana**

Schedule 9

**Corrective Action Plan for Current Year Audit Findings
For The Year Ended June 30, 2004**

2. Prison Commissary Food Products and Supplies

- A. The Tangipahoa Parish Sheriff's Office will produce a list of items necessary in the commissary. These items will be the base for advertisement and bidding. Since there are many brands, quantities and type the bid basis will be a cost-plus bid with the Tangipahoa Parish Sheriff's Office reserving the right at any time to view the wholesaler's or retailer's invoices.
- B. The Tangipahoa Parish Sheriff's Office will explore outsourcing the Commissary function to an independent contractor who specializes in the industry. All attempts will be made to insure that the same margin of profit remain in place.

3. Inmate Medical Supplies

- A. At the present time, the attending physician at the facility is licensed to dispense medication in addition to prescribing. Bids will be solicited for the medication from a pharmaceutical company rather than a local pharmacy. The bids will specify generic medications when available and the same rules will apply as that of the food bids.

Anticipated Completion Date: February 15, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-C5 – Failure to Comply with Deputy Sheriff's Supplemental Pay Program Requirements

Description of Finding: During our audit and testing of Deputy Sheriff's Supplemental Pay, we noted numerous instances in which the Tangipahoa Parish Sheriff's Office failed to comply with the regulations of the Deputy Sheriff's Supplemental Pay Program detailed as follows:

- Regulations require the monthly Deputy Sheriff's Supplemental Pay Reconciliation reports be filed by the tenth day of each month for that month's payroll. Of the twelve monthly supplemental pay reports we reviewed, five reports were not completed correctly, one report was not properly signed and all twelve reports were filed late.
- Regulations contain specific requirements related to eligibility, POST training certificate, and other requirements. Of a sample of sixty individual employees receiving deputy sheriff's supplemental pay we selected for testing of eligibility requirements, we noted thirty-five instances in which the gross pay listed on the monthly report did not agree to the employees actual gross pay for the month, ten instances in which there was no proof of POST Training Certificate in the personnel files and thirty-six instances in which no personnel file could be located.

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Improvement is needed in the administration of Deputy Sheriff's Supplemental Pay Program to ensure that all personnel files are complete and accurate, that personnel files contain the required documentation regarding eligibility and that all other requirements related to the Deputy Sheriff's Supplemental Pay Program are complied with. These conditions were caused by errors on the part of the prior payroll clerk that were not caught on a timely basis by the former Chief Civil Deputy. As a result, the Tangipahoa Parish Sheriff's Office did not comply with the requirements of the Deputy Sheriff's Supplemental Pay Program.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office create complete and accurate personnel files on all employees, that an employee in the personnel department be adequately trained on the requirements of the Deputy Sheriff's Supplemental Pay Program as contained in the *Sheriff's Guide to Departmental Policies and Statutory Specifications For The Administration of the Supplemental Pay Program* and that the Chief Civil Deputy review and approval the completed monthly reported prior to filing by the due date on the tenth of each month.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations as stated in the audit report. It should be noted that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices with regard to the failure to comply with the requirements. Upon assuming office, the present administration immediately addressed the non-compliance. Post Certificates and the dates of employment were compared with the previous administration's filings. Those individuals who did not meet all of the requirements were dropped from the Supplemental Pay rolls. The deputies were instructed as to necessary action to be taken to restore the supplemental pay. In most cases the requirement of the prior service certificates were not on file. Personnel files were assigned to the Human Resource Section. The Human Resource Section will also maintain all personnel files to assure complete accuracy and compliance. Supplemental Pay request forms are now promptly sent to the State Department of the Treasury, Deputies Supplemental Pay Section before the 10th of each month.

Anticipated Completion Date: September 10, 2004

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-C6 – Failure to Make Daily Deposits of Funds Received

Description of Finding: During our audit and testing of assets seized during arrests, we noted that currency seized from violators during arrest was not deposited into the bank account daily as required by state law detailed as follows:

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Amount Sized	Date Sized	Date Deposited
\$ 2,723.00	July 17, 2003	September 24, 2003
\$ 7,460.00	September 12, 2003	September 24, 2003
\$ 6,034.00	December 19, 2003	February 17, 2004

This condition was noted in the prior year audit as finding 2002-C4. While this currency was kept locked in a safe, Louisiana Revised Statutes 39:1212 provides that all funds of local depositing authorities shall be deposited daily whenever practicable in the fiscal agency provided for. Improvement is needed in the area of cash collections to ensure that all currency received is adequately safeguarded from loss and the requirements of state law requiring daily deposits are complied with. This condition was caused because the deputy who was appointed custodian of assets seized during arrests was not allowed to make deposits and the prior Chief Civil Deputy did not perform a deposit of seized assets daily as required. As a result, the failure to deposit all funds received by the Tangipahoa Parish Sheriff's Office daily is not only a violation of state law but creates an environment in which unintentional or intentional errors or irregularities could occur and not be detected by management in a timely manner.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office instruct the deputy appointed as custodian of assets seized from violators to deposit all money seized immediately upon receipt. We further recommend a copy of the validated deposit slip be attached to the receipt signed by the violator documenting that all currency seized during the arrest was deposited into the fiscal agent bank promptly.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations as stated in the audit report. It should be noted that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices with regard to daily deposits. The finding is a result of a narcotics seizure. Since the beginning of this administration, daily deposits have been demanded of all departments. The Chief Civil Deputy had set daily schedules for these deposits to taken to the fiscal agent bank. In the case of narcotics seizures, an Asset Forfeiture Officer has been appointed. It is the duty of that Officer to be the recipient of all monies seized and immediately deposit those monies that do not have to be held as evidence. A chain of evidence form reflects the name of all persons involved as the monies change from individual to individual then onto the fiscal agent bank.

Anticipated Completion Date: November 1, 2004

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

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2004-C7 – Failure to Comply with \$535,000 Refunding Bonds Sinking Fund Requirements

Description of Finding: During our audit and testing of compliance with various covenants related to the \$535,000 Refunding Bonds, Series 2003, issued December 5, 2003, we noted the Tangipahoa Parish Sheriff's Office failed to comply with the sinking fund requirement of the bonds. Section 8 of the bond authorizing resolution requires *"the issuer shall deposit in the Sinking Fund from the first Tax and contract revenue received in any calendar year commencing December 1, 2003 and from any Tax revenues presently on hand, a sum equal to the principal and/or interest falling due on the Bond in that calendar year."* In accordance with this provision, the bond sinking fund should have been established simultaneously with the issuance of the bonds and \$117,963.78 deposited into the sinking fund from the first ad valorem taxes received for the 2003 tax year. The bond sinking fund was not established until June 30, 2004. The sinking fund was over-funded at June 30, 2004, in the amount of \$33,349.00. Although the first interest and principal payment due on the bonds on March 1, 2004, in the amount of \$111,008.78 was made from the General Fund, failure to establish and fund the required sinking fund in December 2003 is a violation of Section 8 of the bond authorizing resolution. Improvement is needed in the administration of the required bond sinking fund to ensure that the Tangipahoa Parish Sheriff's Office complies with the sinking fund requirement in Section 8 of the bond authorizing resolution. The cause of this condition was the prior Chief Civil Deputy's failure to establish and fund the bond sinking fund in December 2003 as required by the bond authorizing resolution. As a result, the Tangipahoa Parish Sheriff's Office was in noncompliance with sinking fund requirement in the bond authorizing resolution.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office Chief Civil Deputy review the bond sinking fund requirements contained in Section 8 of the bond authorizing resolution to make sure that the amount currently on deposit in the bond sinking fund checking account is in accordance with the bond authorizing resolution. Furthermore, we recommend the Chief Civil Deputy deposit from the first ad valorem tax check received from the tax collector in December 2004 an amount sufficient to ensure that the bond sinking fund is fully funded as required

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendation as stated in the audit report. It should be noted that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices with regard to the Bond Sinking Fund. Upon beginning the term of office on July 1, 2004, a checking account at AmSouth Bank was located. The account was titled, J. Edward Layrisson, Sheriff – Bond Sinking Fund. The account had a balance of \$ 40,190.08. The balance in the Sinking Fund met no criteria of any amounts due for the Sinking Fund. The next payment would be due on September 1, 2004. Upon investigating the account, it was learned that the account was opened June 30, 2004 and was funded from proceeds from the General Fund. The account should have been opened and funded the day the Bond Transaction was completed. On August 26, 2004, the Tangipahoa Parish Sheriff's Office disbursed \$ 7,712.95 to AmSouth Bank for the September 1, 2004, required payment. The account was closed and \$32,477.13 was transferred to the new fiscal agent bank. In view of the fact that the account was over-funded, the \$ 32,477.13 was transferred to the Sheriff's General Fund. A new Bond Sinking Fund Account was opened at the new fiscal agent bank. A deposit in the amount of

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\$111,008.78 will be made to the account on the first Ad Valorem Tax disbursement on January 10, 2005.

Anticipated Completion Date: January 10, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-C8 – Prohibited Contractual Arrangements with Employees

Description of Finding: During our audit and testing of expenditures, we noted a current employee of the Tangipahoa Parish Sheriff's Office was paid twenty-one checks totaling \$10,269.00 for typing of transcripts. These payments were made through accounts payable as vendor checks and there is no evidence in the files that a Form 1099-Misc "*Non-employee Compensation*" was issued to this individual for these payments as required by federal regulations. Furthermore, Louisiana Revised Statutes 42:1112 prohibits public employees from participating in a transaction in which he has a personal substantial economic interest of which he may be reasonably expected to know involving the governmental entity. We believe payments to this individual outside of their normal salary while employed with the Tangipahoa Parish Sheriff's Office, to be a violation of Louisiana Revised Statutes 42:1112. Improvement is needed in this area to ensure that the federal reporting requirements related to payments for non-employee compensation and the prohibitions contained in Louisiana Revised Statutes 42:1112 are complied with. This condition was caused by the failure of the accounts payable clerk to issue Forms 1099 for payments of non-employee compensation as required by federal regulations that was not caught by the prior Chief Civil Deputy and the lack of a written policy prohibiting these types of contractual arrangements with employees outside of their normal employment responsibilities. As a result, the Tangipahoa Parish Sheriff's Office was not in compliance with federal regulations regarding issuance of Forms 1099 for non-employee compensation and LSA-R.S. 42:1112 which prohibits certain contractual arrangements with public employees.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office adopt a written policy prohibiting current employees from entering into contractual arrangements with the office outside of their normal employment responsibilities. Furthermore, any compensation paid to this particular employee for work exceeding their normally assigned working hours should be paid as overtime through the normal payroll system with all appropriate time sheets and payroll controls, payroll taxes, retirement and benefits applied.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office agrees with the finding and the recommendation as stated in the audit report. It should be noted however that the present administration began the term on July 1, 2004, and had no knowledge or control of the prior administration's practices regarding the payments. The Tangipahoa Parish Sheriff's Office on August 1, 2004, implemented a policy that no Full-Time Employee can dually serve as a contract employee performing duties that are in their normal scope of employment, and those that are required by statute. If an employee, for example types reports after hours, those hours are to be considered overtime and

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compensation reflected on the W-2 at years end. If an individual is compensated by the Tangipahoa Parish Sheriff's Office through the means of the Cooperative Endeavor Agreement or any other type of contractual agreement, the employee compensated in such a manner will receive a form 1099 at the end of the calendar year.

Anticipated Completion Date: August 1, 2004

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-C9 - Failure to Provide Required Annual Report of Expenditures

Description of Finding: During our audit and testing of annual reporting requirements, we could find no evidence in the files to indicate that the Tangipahoa Parish Sheriff's Office had filed its annual report for the fiscal year ended June 30, 2003, with the Tangipahoa Parish Council and the Tangipahoa Parish Clerk of Court as required by state law. Louisiana Revised Statutes 42:283 requires that "*all parish sheriffs shall furnish annually to the governing authority and clerk of court of their respective parishes, a written itemized report showing the expenditures made by their respective offices, whether made out of the salary or expense funds of said offices.*" The annual report required by LSA-R.S. 42:283 is due within thirty days after the close of the fiscal year and must contain the following information:

- Salaries of officials
- Salaries of deputies
- Salaries of other employees
- Office supplies and furnishings
- Other expenditures
- Purchase of automobiles and other vehicles
- Maintenance and upkeep of automobiles
- Transporting prisoners, fugitives and insane persons
- Feeding prisoners

Improvement is needed in the area of annual reporting to ensure that the Tangipahoa Parish Sheriff's Office complies with the annual reporting requirements of state law. This condition was caused by the failure of the prior Chief Civil Deputy to file the annual report by the due date as required. Failure to file the required annual report on time resulted in the Tangipahoa Parish Sheriff's Office being in noncompliance with the provision of LSA-R.S. 42:283.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office Chief Civil Deputy review the reporting requirements of Louisiana Revised Statutes 42:283 through 42:286 and adopt procedures to insure that the report required by LSA-R.S. 42:283 is completed and filed by July 31st of each year as required.

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Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office agrees with the finding and recommendations as stated in the audit report. It should be noted that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices regarding the report. The Tangipahoa Parish Sheriff's Office will file by the 31st day of July each year the report required by LSA – RS:42:283 et seq. However, if the annual audit has not been completed by July 31st of each year, the reports sent will be labeled as **UN-AUDITED**. Upon the receipt of the annual audit report, those reports sent prior will be amended or will be confirmed.

Anticipated Completion Date: Corrective action for this audit period will be completed upon receipt of the final audit. The reports will be filed for this fiscal year prior to July 31, 2005.

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-C10 – Inadequate Documentation to Substantiate Uniform Payments

Description of Finding: During our audit and testing of expenditures, we noted that the Tangipahoa Parish Sheriff's Office issued 217 checks on June 24, 2004, for \$300.00 each to employees totaling \$65,100.00 and coded these checks to uniforms. The documentation for each check was a statement signed by the employee stating the employee "*had an excess of Three Hundred Dollars (\$300.00), in uniform expense.*" but did not contain copies of receipts substantiating the date and cost of the uniforms purchased. The verification necessary to meet the accountable plan substantiation requirements for reimbursement of employee business expenses is contained in Treasury Regulation § 1.62-2(e)(3). Treasury regulation § 1.62-2(e)(3) requires "*each of the elements of an expenditure or use must be substantiated to the payor.*" These elements include the amount, date, use and business purpose of the expense be documented. In our opinion, a statement signed by the employee that lacks actual receipts for substantiating the date, amount and business purpose of uniforms purchased fails to meet the substantiation requirement of Treasury regulation § 1.62-2(e)(3) and these reimbursements on June 24, 2004, constitute an employee bonus that is prohibited under Article 7, Section 14 of the Louisiana Constitution.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office revise its current policy regarding reimbursement of employee uniforms. If the policy is to continue to reimburse employees for uniforms, we recommend the policy prohibit the reimbursement of employee expenses unless proper receipts satisfactory to meet the documentation requirements contain in Treasury regulation § 1.62-2(e)(3) are provided.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations as stated in the audit report. It should be noted that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices regarding uniform payments. At the present time, the Tangipahoa Parish

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Sheriff's Office does not remit to employees any money as a uniform allotment and has no intention to implement such a policy. The Tangipahoa Parish Sheriff's Office will furnish and provide all necessary uniforms and equipment to all personnel. If there is a case where reimbursement is necessary, it will only occur after complete documentation is provided.

Anticipated Completion Date: The corrective action has already been implemented through the establishment of the policy and procedure.

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-C11 – Failure to Provide Documentation Substantiating Sheriff's Automobile Allowance

Description of Finding: During our audit and testing of expenditures, we noted that the Tangipahoa Parish Sheriff's Office paid the former sheriff twelve monthly checks each in the amount of \$1,128.61 totaling \$13,543.32 for the fiscal year ended June 30, 2004, in addition to his regular salary and expense allowance provided for in LSA-R.S. 33:1421. Of the total monthly check of \$1,128.61, \$169.35 (15%) was coded in the General Fund to an account titled "*Reimbursement*" and was recovered from the former sheriff through payroll deduction and the remaining monthly amount of \$959.26 was coded in the General Fund to an account titled "*Automobile-Mileage*". We were unable to locate in the files any mileage log or other form of documentation to substantiate the actual business use of the vehicle and the reimbursement rate per mile used to compute the monthly reimbursement amount. The verification necessary to meet the accountable plan substantiation requirements for reimbursement of employee expenses attributable to the use of a vehicle for business purposes are contained in Treasury Regulation § 1.274-5T. Treasury regulation § 1.274-5T requires "*each of the elements of an expenditure or use must be substantiated to the payor.*" These elements include the amount, time, place and business purpose of the expense be documented. Failure to provide adequate documentation for business use of a personal vehicle creates income to the employee in the amount of the unsubstantiated reimbursement received. Louisiana Attorney General Opinion No. 92-857 addressed the payment of a flat monthly mileage allowance to members of a Parish Council, the maximum salaries of which were statutorily fixed. The Attorney General concluded that to the extent adequate documentation is not maintained to support the entire monthly mileage allowance, the unsupported portion of the reimbursement must be considered and reported as salary or compensation. If the official were already at his statutory maximum, any additional salary would constitute a bonus or donation in violation of Article VII, Section 14. Accordingly, the unused portion must be returned to the fund from which it was drawn. Since the maximum compensation and expense allowance of the sheriff is fixed by state law, Louisiana Revised Statutes 33:1421A, the failure of the former sheriff to adequately substantiate his unreimbursed mileage allowance received totaling of \$11,511.12 resulted in his actual compensation received exceeding the maximum allowable by state law in violation of Louisiana Revised Statutes 33:1421 by \$11,511.12 detailed as follows:

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Maximum annual compensation	109,558.52	(RS 33:1421(A))
Back pay authorized	<u>6,929.28</u>	(AG Opinion 03-0305)
Total compensation allowed	<u>116,487.80</u>	
Actual compensation received	116,487.84	
Unsubstantiated vehicle allowance	<u>11,511.82</u>	
Total compensation received	<u>127,999.66</u>	
Excess compensation received	<u>11,511.86</u>	

In addition, as noted in finding number 2004-I/C14, while actual receipts are not in the credit card files to substantiate certain charges on a sheriff's office credit card issued to the former sheriff, there appears to be charges by the former sheriff for gasoline purchases and vehicle repairs in addition to the vehicle reimbursement noted above. Improvement is needed in the area of mileage reimbursements to employees to ensure that all reimbursements to employees for the business use of their personal vehicles is adequately supported by documentation meeting the requirement of Treasury regulation § 1.274-5T.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office required actual automobile mileage logs to substantiate any vehicle reimbursement made to the sheriff as required by federal regulations. Furthermore, we recommend that no charges be allowed by the sheriff for gasoline or vehicle repairs that would be otherwise recovered in a vehicle reimbursement allowance to the sheriff.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office agrees with the finding and the recommendations as stated in the audit report. It should be noted that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices with regard to auto expense reimbursement. On July 18, 2004, the Tangipahoa Parish Sheriff's Office "leased" a vehicle for the Sheriff's use. The Sheriff is not reimbursed for any expense with regard to the "lease" since it is clearly the property of the Tangipahoa Parish Sheriff's Office. A "lease" was executed rather than a purchase due to financial restraints. According to Attorney General Opinion Number 97-433, the payments made toward the "lease" are not considered compensation.

Under 2004-C3 the Tangipahoa Parish Sheriff's Office is advised to pursue penalties and interest due from the Internal Revenue Service. Accordingly, this finding confirms that the prior Sheriff received excess compensation in the amount of \$ 11,511.86 for the year audited. It is understood according to the auditors finding that no documentation was found regarding the accounting of mileage or expense. In addition to the fact that the vehicle for which the reimbursement was made was not titled in the name of the Tangipahoa Parish Sheriff's Office.

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Anticipated Completion Date: Corrective action has been taken in that no reimbursements for auto expense is paid to any employee without proper and accurate documentation being presented prior to disbursement.

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-C12 – Failure to Comply With the Local Governmental Budget Act

Description of Finding: During our audit and testing of budgetary practices, we noted that the Tangipahoa Parish Sheriff's Office failed to comply with the provisions of the Local Governmental Budget Act detailed as follows:

Budget Not Adopted For All Special Revenue Funds

State law LSA-R.S. 39:1304A requires the sheriff's office to prepare a comprehensive budget presenting a complete financial plan for the ensuing fiscal year for the general fund and each special revenue fund.

We could find no evidence in the files that the Tangipahoa Parish Sheriff's Office adopted a budget for the fiscal year ended June 30, 2004, for the following special revenue funds as required:

- Tri-Parish Fund
- Seized Asset Fund
- Dare Scholarship Fund
- Inmate Council Fund

Improvement is needed in the area of budget adoption procedures to ensure that the requirements of state law are complied with and proper fiscal controls are maintained by the sheriff's office. This condition was caused by the failure of the prior Chief Civil Deputy to prepare and adopt a budget for all special revenue funds as required. Failure to adopt a budget for all special revenue funds resulted in the Tangipahoa Parish Sheriff's Office being in noncompliance with the provision of the Local Government Budget Act, LSA-R.S. 39:1301-1314.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office adopt a budget for all special revenue funds as required by state law.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations as stated in the audit report. It should be noted that the present administration began the term on July 1, 2004, and had no control or knowledge of prior administration's practices regarding budgeting. In the future, the sheriff's office will adopt a budget for all special revenue funds as required.

Anticipated Completion Date: January 1, 2005

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Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

Internal Control

2004-I/C1 – Lack of Adequate Internal Controls over De-centralized Accounting Functions

Description of Finding: During our audit and review of expenditures, we noted the Tangipahoa Parish Sheriff's Office processed general ledger accounting activities at the following de-centralized locations using a variety of accounting programs some of which are have been discontinued and are currently obsolete:

<u>Function</u>	<u>Location</u>	<u>Software</u>
General Fund	Robert Substation	QuickBooks
Payroll	Robert Substation	Internally Developed
Federal & State Grants	Robert Substation	QuickBooks
Inmate Work Release	Amite Jail	QuickBooks
Inmate Assets & Commissary	Amite Jail	Manual
Tax Collector-Current Taxes	Amite Courthouse	Internally Developed
Tax Collector-Other Taxes	Amite Courthouse	ATB
Civil and Criminal Divisions	Amite Courthouse	Manual

Furthermore, we noted no general ledger accounting records were maintained on the following activities:

- DARE Scholarship Funds
- Hotel/Motel Taxes

While we believe personnel at these de-centralized locations should maintain source journals (cash receipts and cash disbursements journals) for their particular functions, we believe a system should be developed whereby copies of these source journals could be submitted monthly to a centralized accounting office for review and processing by central accounting personnel with the general ledger work and related accounting records maintained at one centralized location. Lack of centralized accounting creates an environment in which adequate monitoring of internal controls cannot be maintained, existing internal controls can be overridden and not caught in a timely manner by management, adequate daily monitoring of the overall fiscal affairs of the sheriff's office cannot be performed, adequate internal auditing and monitoring decentralized functions cannot be performed and substantial additional work is required at year-end to provide complete accounting records to the external auditors necessary to perform the required annual audit on an timely and cost-efficient basis.

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Recommendation: We recommend the Tangipahoa Parish Sheriff's Office, create a centralized accounting office for processing of source journals received from the various de-centralized locations and maintenance of central general ledger accounting for all functions of the sheriff's office. Such a centralized system would have many benefits to include:

- Improved internal controls and review over de-centralized functions
- Improved regular monitoring of the overall fiscal status of the sheriff's office
- Improvement in the accuracy of the financial reports produced by the staff at de-centralized locations
- Improved ability to develop internal audit procedures to properly monitor decentralized functions
- Improved ability to perform required annual audit on a timely and cost-efficient basis

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations as stated in the audit report. It should be noted that the present administration began the term on July 1, 2004, and had no control or knowledge of prior administration's practices regarding accounting. At the present time it is not practical to attempt to centralize the accounting process in one office. Plans are however being made to provide suitable quarters for the Sheriff's Office. Upon these plans becoming a reality, the accounting functions of the Tangipahoa Parish Sheriff's Office will be centralized. The actual overall accounting software has been addressed and the present software used will be replaced, enabling better accountability and providing audit trails. This will enable audits to be performed at minimal cost and effort.

As the finding refers to the DARE SCHOLARSHIP FUND the corrective action is found under 2004 – C1.

As the finding refers to the collection of Hotel/Motel Taxes, new software will be implemented to accurately collect and disburse the tax. Until such time that the software can be implemented, manual ledgers will be used.

Anticipated Completion Date: The anticipated completion date of the corrective action will depend on the date the new quarters are available. A concerted effort will be made to provide audit trails in all departments and have that documentation easily available for the next audit period.

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

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2004-I/C2 – Use of Signature Stamp by Personnel Originating Source Transactions

Description of Finding: During our audit and review of expenditures, we noted the Tangipahoa Parish Sheriff's Office used a signature stamp for at least eleven bank accounts out of a total of twenty-seven bank accounts to sign checks and this stamp was in the possession of the personnel originating source transactions, responsible for maintaining the official accounting records and in some instances performing the bank reconciliation for these accounts detailed as follows:

Bank Account	Required Signatures	Signature Stamp Used	Personnel Originating Transaction
Payroll	1	Yes	Yes
General Fund	1	Yes	Yes
Current Ad Valorem Taxes	1	Yes	Yes
Prior Year Taxes	1	Yes	Yes
Hotel/Motel Taxes	1	Yes	Yes
Court Fine	1	Yes	Yes
Cash Bond	1	Yes	Yes
Advance Civil	1	Yes	Yes
Civil	1	Yes	Yes
Civil Fee	1	Yes	Yes
Siezed Assets	1	Yes	Yes

In addition, we noted other instances in which only one signature was required to sign checks. Allowing the use of a signature stamp by personnel responsible for originating source transactions, maintaining the official accounting records for the same account and reconciling the same bank account particularly in light of the de-centralized nature of the sheriff's office's accounting system noted in finding I/C-1 above creates an environment in which unintentional or intentional errors or irregularities could occur and not be detected in a timely manner by management. The cause of this condition was an inadequate design of internal controls over cash disbursements by the prior Chief Civil Deputy. As a result, personnel in possession of signature stamps were allowed access to source documents, were allowed to maintain the accounting records under their control and were allowed to reconcile the bank statement creating a environment in which errors or irregularities could occur and not be detected on a timely basis by management.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office, immediately discontinue the use of signature stamps for signing checks. Furthermore, we recommend that all checking accounts under the control of the Tangipahoa Parish Sheriff's Office require two signatures, one of which must always be the Chief Civil Deputy or his designee. Adequate supporting documentation should be attached to each check to allow the check signers to review and determine the appropriateness of the disbursements and their review and approval should be documenting by initialing and dating the source documents. In addition, we strongly recommend that all bank accounts be mailed unopened to central

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accounting, that personnel in central accounting not involved in the initiation, processing or recording of cash disbursement transactions review all items clearing the bank account for appropriateness and reconcile the bank account to the official accounting records under the supervision and approval of the Chief Civil Deputy with the Chief Civil Deputy documenting his review and approval of the bank reconciliation by the initialing and dating the completed reconciliation form.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations as stated in the audit report. It should be noted however that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practice of the use of a signature stamp. The use of a signature stamp was found to be unacceptable on July 1, 2004. Upon instituting new bank accounts with the new fiscal agent bank, all checks require two signatures. One of the signatures is either the Sheriff, Chief Criminal Deputy or the Chief Civil Deputy.

Anticipated Completion Date: July 1, 2004

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-I/C3 – Lack of Adequate Internal Controls Over Purchasing and Procurement

Description of Finding: During our audit and review of expenditures, we noted numerous instances in which the Tangipahoa Parish Sheriff's Office failed to obtain purchase orders for expenditures as required, instances in which purchase orders were not properly completed as to vendor, item description, quantity, unit prices and extended prices and additional instance in which purchase orders were not signed documenting supervisor review and approval of the expenditure. In addition, as identified in compliance finding number 2004-C4 above, we noted numerous instances in which the sheriff's office failed to comply with the provisions of the public bid law and several instances in which products were *procured from the high bidder or for unit prices that were different that the amount bid by the vendor.* Improvement is needed in purchasing and procurement to ensure that all purchases are properly approved in advance, that vendor invoices are properly reviewed for accuracy prior to payment and that all purchases exceeding the appropriate thresholds are bid in accordance with the public bid law. The cause of this condition was the lack of a central purchasing function, failure to require complete and accurate purchase orders and receiving documentation for expenditures prior to payment and lack of proper oversight of the purchasing and accounts payable function by the prior Chief Civil Deputy. As a result, payments were made to vendors without proper supporting documentation, without documentation of approval from the appropriate supervisor, in amounts that were not in accordance with the vendor bid amount and in violation of the public bid law.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office, review its existing internal controls over purchasing and consider establishing a centralized purchasing office and purchasing agent that would be responsible for the procurement of all goods and services for the sheriff's office. Procurement requests by departments could be submitted to central purchasing through the use of

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purchase requisitions with the ultimate responsibility for bidding, purchase order preparation, invoice review and approval and invoice payment residing with central purchasing.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendation as stated in the audit report. It should be noted however that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices regarding purchasing. On July 1, 2004, a purchasing and procurement system was implemented with the assignment of a Purchasing Agent. The system begins in the field with a request form being completed and sent to the Commander of the section who approves the request. The request is then sent to the Purchasing Agent. The Purchasing Agent then reviews the request and checks costs. A serialized purchase order is then issued to the appropriate vendor. Upon receiving the merchandise, a shipping bill is sign by the person who received the merchandise. It is then sent to the Purchasing Agent who attaches all documentation and awaits the payment invoice. All documentation is sent to payables and payment is made. In the case if a request is more that \$500.00 the Purchasing Agent must consult with the Civil Chief Deputy. A verbal approval is given and the process is followed through. Any purchase order issued which is over \$5,000.00 requires two signatures. In cases where expenditures are reimbursable, the originating officer after the request is made is responsible for procuring the reimbursement. In the example of equipment purchased under a grant the Grant Specialist should follow the purchase and procurement in order that all documentation is submitted for reimbursement. The Civil Chief Deputy will monitor all reimbursements. All purchases will be monitored in order that full compliance with the Public Bid Law is assured.

Anticipated Completion Date: July 1, 2004

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-I/C4 – Lack of Adequate Payroll and Personnel Files

Description of Finding: During our audit and testing of individual payroll expenditures, we noted that the Tangipahoa Parish Sheriff's Office payroll and personnel files were inadequate in many respects. As indicated in compliance finding 2004-C4 noted above related to testing of the Deputy Sheriff's Supplemental Pay Program requirements, of the sixty individual employees selected for testing we noted thirty-six instances in which personnel files could not be located. Of the twenty files reviewed, we noted ten instances in which proof of POST Certification could not be located. During testing of payroll expenditures in the COPS in Schools grant, of the eleven employees charged to the federal grant we could locate only four personnel files for review. Of the four personnel files reviewed, no files contain Form I-9 in the filed as required by the grant regulations. Improvement is needed in the are of personnel and payroll administration to ensure that all personnel files are complete and accurate, that employees are paid in accordance with their salary amounts approved by management, that employees are paid for hours worked that are properly documented by time sheets approved by their supervisors and that the requirements of all federal and state grants related to required personnel information is met. The cause of this condition was the lack of proper maintenance of personnel files in compliance with applicable

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federal and state regulations by the payroll clerk and lack of proper oversight of the payroll and personnel function by the prior Chief Civil Deputy. Failure to maintain accurate personnel files creates an environment in which unintentional or intentional errors or irregularities could occur and not be detected timely by management. As a result, we noted instances in which the Tangipahoa Parish Sheriff's Office failed to comply with specific requirements of state and federal grants related to time keeping and documentation required in personnel files.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office immediately revise its current personnel files to contain all required documentation on each employee. We recommend the files contain a control sheet on top that lists all of the required documentation and that the personnel department meet with grant administrator to review all open grants to determine the specific personnel requirements and required documentation for each grant. We further recommend that the sheriff's office revise it's current time sheet to include more specific information required by federal and state grants regarding time worked by function or case and require supervisors to approve all time sheets before processing by payroll.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and recommendations as stated in the audit report with some exceptions. It should be noted however that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices regarding payroll and personnel files. On July 1, 2004, upon assuming Office, the Tangipahoa Parish Sheriff's Office implemented a Human Resource Section under an Internal Control Department. The specific duty of the Human Resource Section is to maintain all information, on all of the employees of the Tangipahoa Parish Sheriff's Office. The files will be structured to reflect all aspects of the personnel. A check sheet for initial employment will be completed, listing all requirements such as W-4, I-9, applications, physicals and all other statutory requirements. A change of status form is completed each time an employee is given an increase in salary, suspended, transferred, or any other basis change. Only the Sheriff or the Chief Criminal Deputy signs an increase in salary. The Human Resource Section will work closely with the Accounting Department to insure that all documentation is provided so an employee is correctly compensated.

Anticipated Completion Date: July 1, 2004

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-1/C5 – Inadequate Billings and Collections of Inmate Housing Reimbursements

Description of Finding: During our audit and testing of accounts receivable for inmate housing reimbursements, we noted a lack of coordination between the billing function at the jail and the accounts receivable function in Robert regarding amounts due for inmate housing reimbursements. This lack of coordination resulted in several errors in the accounts receivable records at central accounting, several large delinquent accounts over ninety days old and several other accounts over ninety days old that ultimately may never be collected. Improvement is needed in billing and accounts receivable for inmate

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housing reimbursements to ensure that all amounts due the Tangipahoa Parish Sheriff's Office for inmate housing are collected on a prompt basis. This condition was caused because there was no central area designated for the receipt and depositing of money received for inmate housing reimbursements, the failure of central accounting personnel to reconcile with prison personnel on a regular basis differences between the amounts collected and amounts billed and the failure of central accounting personnel to review the status of accounts receivable on a regular basis to pursue prompt collection of delinquent amounts.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office implement the following actions to improve coordination between central accounting and billing personnel at the prison, to eliminate billing discrepancies with agencies and to encourage prompt collections of amounts due:

- Instruct all agencies to remit payment for inmate housing reimbursements to the central accounting department in Hammond
- Require central accounting to provide billing personnel at the prison with detailed accounts receivable aging reports on a regular weekly basis for review and follow-up
- Prepare regular monthly statements of account to send to agencies to encourage prompt collection of unpaid invoices and require billing personnel at the jail to review and approve the monthly statements before mailing
- Print a weekly detailed accounts receivable aging report for review with the Chief Civil Deputy

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and recommendations as stated in the audit report with some exceptions. It should be noted however that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices regarding receivables for the prison. Because of the *de-centralization of accounting, the prison billing clerk will now receive the payments. When the payments are received, they will be matched to the monthly re-cap, the check copied and then sent to the accounting office. Prison billing usually occurs on or about the 5th of the month. If no payment is received by the next billing cycle, the prison-billing clerk will notify the Civil Chief Deputy. For audit purposes, the monthly re-caps will be filed along with copies of the payments. This will allow auditors to easily locate and compare the receivables to insure that all are paid in a timely manner. The process also provides an internal control mechanism to compare journal entries made in accounting to that of the monthly re-cap and payments received.*

Anticipated Completion Date: September 1, 2004

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

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2004-I/C6 – Lack of Adequate Internal Control Procedures in the Criminal Division

Description of Finding: During our audit and testing of fines and bonds, we noted several significant weaknesses in the existing internal controls over processing of fines and bonds by the Tangipahoa Parish Sheriff's Office detailed as follows:

- The traffic tickets currently used do not have the name of the Tangipahoa Parish Sheriff's Office pre-printed on the face of the ticket.
- Personnel in the traffic division do not maintain adequate control over the issuance and subsequent return of tickets by maintaining a control log of ticket books issued to deputies that is reconciled back to the completed tickets that are returned to the traffic division for processing.
- Completed tickets received from deputies are input into the computer system by personnel in the traffic division, forwarded to the District Attorney and input by the District Attorney into a separate computer system for processing. Currently no computer link exists between the Tangipahoa Parish Sheriff's Office and the District Attorney for proper internal controls and processing of traffic tickets issued to make sure all tickets input by the sheriff's office are forwarded to the District Attorney for processing.
- Collections on traffic tickets are performed by the traffic division with a copy of the receipt sent to the District Attorney for duplicate input into the District Attorney's separate software system. Currently no computer link exists between the Tangipahoa Parish Sheriff's Office and the District Attorney for proper internal controls and processing of payments on traffic tickets issued.
- Arrest warrants for violators who do not appear for court are not input by the sheriff's office into an "Outstanding Warrants Log" that is made available to the sheriff's radio room and central booking at the jail to apprehend repeat offenders who have outstanding warrants.
- No follow-up procedures exist to enforce collection of outstanding fines. According to interviews with personnel in the criminal division, since December 2000, personnel in the criminal division have been unable to generate a computer listing of unpaid outstanding court fines for distribution to the Judges, the District Attorney or the Clerk of Court for follow-up due to a Y2K date problem with the computer software that was not corrected by the prior Chief Civil Deputy. The inability to produce a computer listing of unpaid fines made it impossible for the sheriff's office, the District Attorney or the Judges to adequately pursue the collection of unpaid fines.

While we realize not all outstanding fines are collectible due to death, long-term incarceration, out of state violators, modifications to probation conditions and other reasons, we believe improvement is needed in this area to insure that all court fines are properly processed and promptly collected by personnel in the criminal division. This condition occurred because the Tangipahoa Parish Sheriff's Office had no effective procedure for the enforcement of delinquent fines, outstanding bench warrants were not input into an "Outstanding Warrant Log" for distribution to the radio room and central booking at the jail to apprehend repeat offenders and the prior Chief Civil Deputy failed to correct the software Y2K error that prevented the delinquent fines report from being printed by personnel in the criminal division for monitoring and prompt follow-up. As a result, ordering tickets without the name of

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the Tangipahoa Parish Sheriff's Office combined with the failure of the personnel in the traffic division to properly control the issuance of blank ticket books to deputies and to account for the prompt return of all ticket books issued created an environment in which intentional or unintentional errors or irregularities could occur and not be detected in a timely manner by management. Furthermore, proper internal controls require that the same individual should not have access to all phases of a particular transaction. Allowing the same agency to order tickets, issue tickets to violators, process the tickets into the computer system, to collect on the tickets, to input arrest warrants for delinquent tickets into the computer system and to pursue violators who have delinquent fines outstanding creates an environment in which intentional or unintentional errors or irregularities could occur and not be detected in a timely manner by management.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office immediately implement the following recommendations:

- Order tickets that have the name of the Tangipahoa Parish Sheriff's Office pre-printed on the ticket
- Created a "ticket log" that is required to be signed by each deputy to control the issuance of the ticket books to deputies
- Complete the "ticket log" when completed ticket books are return by each deputy for processing by matching each ticket number issued to each ticket number returned by each deputy for processing and follow-up on any missing ticket books.
- Create a computer link with the District Attorney's office and create a central processing point for the input of traffic tickets for processing preferable to be performed by an agency other than the Tangipahoa Parish Sheriff's Office
- Remove the responsibility of the Tangipahoa Parish Sheriff's Office to input arrest warrants by requiring the Tangipahoa Parish Clerk of Court or the District Attorney to input arrest warrants into the computer system to generate an "*Outstanding Warrants Log*". Develop a computer link between the radio room, central booking at the jail and the criminal division to allow access to the "*Outstanding Warrants Log*" that would assist in apprehending repeat violators.
- Print a delinquent fines report at the end of each month for distribution to the Judges, the District Attorney and the Tangipahoa Clerk of Court for review and monitoring
- Assign a deputy full-time to develop appropriate measures to pursue the collection of these delinquent fines
- Develop appropriate collection policies to insure that delinquent fines are pursued on a regular and consistent basis to maximize the ultimate amount collected

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the findings and recommendations as stated in the audit report. It should be noted that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices regarding the internal controls and procedures in the Criminal Division. On July 1, 2004, traffic ticket books were ordered beginning with the number 000001. The ticket clearly displays Tangipahoa Parish-21 JDC. The initial order of books have been received and issued to a

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ranking officer in the Traffic Division. The books are issued to the Uniform Criminal Line Patrol Officers and the supervisor maintains a log. As citations are issued the covers which contain the log of issuance is returned to the supervisor and more books are issued. Traffic citations have three places in which the identical information is keyed. The Sheriff, District Attorney, and Clerk of Court. There is no common system or software that exists among the agencies. Meetings with all three agencies have had little results due to the outdated software and computer system in the Sheriff's Office. Efforts will be made to change/update software, or change all three agencies to a common entry point with common software.

The Clerk of Court will be changing to a new computer system. This will allow more users in the Sheriff's Office. At that time all users, Radio Room, Hammond Substation, Prison and the Record Room will be given access to all facets of the Traffic files. They will be in a "Read Only" version. Changes after an arrest or paid fine will still only be accomplished in the Traffic Division.

On July 1, 2004, a Deputy was assigned to follow-up on traffic warrants. A large backlog existed. The Deputy assigned enters information on a daily basis. The Deputy assigned will also bear the responsibility of monitoring unpaid fines.

A meeting in the near future will occur with the Chief Judge, District Attorney and Sheriff to discuss the method that will be used to collect past due fines.

Anticipated Completion Date: The corrective action plan has partially been accomplished, however until all three agencies can formulate a plan, the problem will exist. The nearest estimated completion date will probably be the third quarter of 2005.

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-I/C7 – Failure to Collect Fee for Jury Subpoenas

Description of Finding: During our audit and testing of fees in the civil department, we noted that the Tangipahoa Parish Sheriff's Office did not collect the fee for service of civil jury subpoenas as allowable by state law. While the sheriff's office was reimbursed for the cost of postage, Louisiana Revised Statutes 33:1428A(1) allows the sheriff's office to collect a fee not to exceed twenty dollars for the issuance of civil jury subpoenas. Failure to collect the maximum fee allowable for the service of civil jury subpoenas resulted in a loss of revenue for the sheriff's office for the fiscal year ended June 30, 2004, totaling \$100,113. In addition, our research indicated a maximum fee of twenty dollars may possibly be collected for the service of criminal jury subpoenas although the law is unclear and we were unable to obtain a definitive legal opinion on the fee for service of criminal jury subpoenas. However, our calculations indicate that if the sheriff's office is allowed to charge a maximum fee of twenty dollars for the service of criminal jury subpoenas, it could result in additional revenue to the sheriff's office in the amount of \$172,000. Improvement is needed in the collection of fees for the issuance of civil jury subpoenas and possibly criminal jury subpoenas to ensure that the Tangipahoa Parish Sheriff's Office pursues all revenue sources available to fund the office. This condition was caused because personnel in

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the civil department were not made aware by the prior Chief Civil Deputy that this fee was allowable and should be charged. As a result, the Tangipahoa Parish Sheriff's Office failed to collect an additional \$100,113 in revenue that was available to it under the law.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office immediately begin collecting the maximum fee of twenty dollars for service of civil jury subpoenas as allowable under state law. Furthermore, we recommend the Tangipahoa Parish Sheriff's Office seek an Attorney General's opinion regarding collecting a maximum fee of twenty dollars for the service of criminal jury subpoenas to determine if the fee is allowable for criminal jury subpoenas. If allowable by the Attorney General's opinion, we suggest the Tangipahoa Parish Sheriff's Office also begin collecting the maximum of twenty dollars for service of criminal jury subpoenas.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations as stated in the audit report. It should be noted that the present administration began the term July 1, 2004, and had no control or knowledge of the prior administration's practice's regarding the billing of Jury Subpoenas. Since July 1, 2004, all Jury Subpoenas issued by the 21st Judicial District Court, Parish of Tangipahoa, and served by the Sheriff had been invoiced to the respective Agencies. All fees have been collected to date and are current.

Anticipated Completion Date: Corrective action completed as of this date.

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-I/C8 – Unreconciled Balance in the Advanced Civil Deposit Fund

Description of Finding: During our audit and testing of the receipt and disbursement of funds in the Tangipahoa Parish Sheriff's Office Advance Civil Fee Fund, we noted that the cash accumulated in the fund exceeded the amount owed to plaintiffs on June 30, 2004, by \$43,870.02. Advanced civil funds collected from plaintiffs are used to pay for costs incurred on suits prior to the date of sheriff's sale with any excess advanced cost not used returned to the plaintiff. Personnel in the Tangipahoa Parish Sheriff's Office civil division were unable to identify the source of these excess funds so that the funds could be properly returned to the plaintiffs. This unreconciled difference is attributable, in part, to interest earned on the account. Improvement is needed in the administration of advanced civil deposits to ensure that all funds received from plaintiffs for payment of costs in advance of sheriff's sales are properly accounted for and refunded promptly to plaintiffs if not used. This condition occurred because no attempt was made by personnel in the civil division to reconcile cash balances to plaintiff subsidiary ledger balances on a regular basis and the prior Chief Civil Deputy did not correct this error.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office implement procedures to reconcile cash balances in the Advance Civil Deposit account to the balances on the plaintiffs subsidiary ledger on a regular basis and investigate any differences. We further recommend the Chief Civil Deputy contact the Louisiana Attorney General's Office and/or the Louisiana Legislative Auditor to get obtain a

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legal opinion regarding what should be done to resolve the accumulated excess funds in the Advanced Civil Deposit Fund totaling \$43,870.02.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office agrees with the finding and the recommendation as stated in the audit report. It should be noted however that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices regarding the accounting of civil fund deposits. Upon assuming Office on July 1, 2004, the Tangipahoa Parish Sheriff's Office began to consolidate checking accounts in order to reduce errors. In the Civil Division there were three accounts being utilized. The three accounts were consolidated into one. In attempting to reconcile the advance cost account, what appears to be a surplus of \$43,870.02 appeared. There were no records prior to 1985 which would justify the accounts balance. The Office of the Legislative Auditor was contacted. Ms. Sharon Robinson, Director of Advisory Services stated that the matter might be rectified by invoking LRS 33:1429. The surplus in the account according to the statute may be transferred to the Parish's Governing Authority. On November 9, 2004, the Advanced Civil Fund Account was closed at AM South Bank. A cashier's check in the amount of \$46,083.52 was received. A Certificate of Deposit was obtained in the same amount from the new fiscal agent bank, where it will remain until final disposition by the Legislative Auditors Office.

Anticipated Completion Date: The corrective action plan has been completed with the exception of the disposition of the funds, pending the Legislative Auditors Office.

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-I/C9 – Inadequate Internal Controls Over Ad Valorem Tax Change Orders

Description of Finding: During our audit and testing of the receipt and disbursement of funds in the Tax Collector current taxes account, we noted that personnel in the tax collectors office who collect and process payments from taxpayers also input change orders into the current taxes computer system. We also noted that the change order number in the computer system is an operator input field and not a unique number assigned by the system, that the system will accept duplicate change order numbers, and that change orders do not print in numerical sequent on the change order report. Improvement is needed in the area of change orders to the current taxes computer software to ensure that unauthorized change orders are not input into the system by personnel who also have access to the payments portion of the program. Allowing personnel who accept cash and process payments in the computer system access to the change orders portion of the program creates an environment in which unintentionally or intentional errors or irregularities could occur and not be detected in a timely basis by management.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office implement software changes to the Tax Collector Current Taxes program to restrict access through user login and passwords to the change order portion of the program to someone who does not receive payments from taxpayers, preferably the Chief Civil Deputy or his designee. Although statutory authority for processing change orders received from the Louisiana Tax Commission rests with the tax collector under LSA-R.S.

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47:1990, we believe computer access to the change order portion of the program should be restricted to the Chief Civil Deputy or his designee who have no responsibility for receiving payments from taxpayers. Furthermore, we believe the software should be modified to eliminate the ability to input duplicate change order numbers and to require that change orders be sequentially numbered.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office agrees with the finding and recommendations as stated in the audit report. It should be noted however that this administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practice's regarding Tax Collections. The Tangipahoa Parish Sheriff's Office recognizes the fact that the software used in the tax collection process is outdated. Many functions are performed outside of the software on computers utilizing spreadsheets. Due to the fact that this is the peak of tax collections it would not be a prudent decision to change software. Meetings will be held with the Assessor-Elect to discuss changes when he assumes the Office in January 2005. While awaiting the end of the tax year collections, the Chief Civil Deputy will monitor the collections on a daily basis.

Anticipated Completion Date: The anticipated completion date is the third quarter of 2005 prior to next years collection start date.

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-I/C10 – Lack of Adequate Internal Controls Over Inmate Funds at the Jail

Description of Finding: During our audit and testing of the receipt and disbursement of inmate funds at the jail, we noted inadequate controls over the collection of inmate funds detailed as follows:

- Lack of proper controls over un-issued and issued receipt books and no attempt was made to account for the numerical sequence of all tickets issued. If fact, the completed receipt books containing the "Gold" or control copy of the receipt were not maintained and were thrown away after two to three months.
- The deputy responsible for counting the currency received, reconciling the currency to the receipts issued and preparing the bank deposit is also responsible for posting deposits, commissary charges and other adjustments to the inmate's subsidiary ledger, maintaining the general ledger on the inmate asset account and reconciling the bank deposit at the end of the month.

Improvement is needed in the processing of inmate funds to ensure that proper internal controls are maintained and all inmate funds are properly account for. Failure to maintain proper control over un-issued and issued receipt books by maintaining all completed receipt books and accounting for the numerical sequence of all receipts issued combined with a policy that allows the same deputy to count the currency received, reconcile the currency to receipts issued, prepare the bank deposit, post the payment and other charges to the individual inmate's subsidiary ledger, maintain the official accounting

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records for the inmate asset account and reconcile the bank account at the end of the month creates an environment in which unintentional or intentional errors or irregularities could occur and not be detected in a timely manner by management. These conditions were caused by an inadequate internal control system over inmate asset funds that was not corrected by the prior Chief Civil Deputy. As a result, it was impossible for us to determine the total number of receipts issued during the year to develop an effective audit test using sampling to verify the accuracy of processing of inmate asset funds received.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office implement the following procedures to strengthen internal controls over the receipt and disbursement of inmate asset funds:

- Assign responsibility for the control of un-issued receipt books to someone other than the deputies in booking that issue the receipts and the deputy in charge of maintaining the inmate asset subsidiary ledger and maintain all receipts books issued.
- Maintain all un-issued receipt books in a secure location under lock and key and create a log of receipt books issued that can be match to receipt books completed and returned to maintain the integrity of the numerical sequence of tickets issued. This will help to insure that all receipts issued are accounted for.
- Assign someone other than the deputy responsible for maintaining the inmate's subsidiary ledger to count the currency received each day, to reconcile the currency to the receipts issued, to prepare a daily listing of receipts received listing the receipt number, source, inmate and amount, and to prepare the bank deposit. This reconciliation of currency received to receipts issued should be performed in the presence of two deputies, each of whom should sign the daily receipts listing evidencing their review and approval of the daily receipt reconciliation.
- Maintain one copy of this daily reconciliation form in a permanent file as a control copy, maintain one copy attached to the validated deposit and forward a third copy to the deputy responsible for maintaining the inmate's subsidiary ledger for posting to the inmates subsidiary ledger.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and recommendations as stated in the audit report. It should be noted however, that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practice's regarding the collections of prisoner's money at the facility. Since July 1, 2004, new receipt books have been issued to the Jail. The Warden issues the receipt books and archives the used books. He has been instructed to archive the receipt books for a period of at least three years.

Job descriptions will change to reflect shared duties in the administrative section of the facility. Additional personnel may have to be added to the roster to be able to totally segregate duties to provide for proper internal control. The present software has the capability of producing more reports than they are producing today. Contact will be made with the software specialist. A report which reflects a total days reconciliation will be generated and sent to the Warden and the Chief Civil Deputy on a daily basis.

Anticipated Completion Date: January 31, 2005

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Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-I/C11 - Unreconciled Balance in the Inmate Asset Account

Description of Finding: During our audit and testing of the inmate asset account at the prison, we noted the total funds available at June 20, 2004, exceeding the amount due the inmates as reported on the "Inmate Account Balance Report" by \$14,594.82. The balance in the inmate asset bank account should at all times equal the amount owed to inmates as reported on the inmate account balance report. Improvement is needed in the inmate asset account to ensure that all funds owed to inmates are properly accounted for. According to personnel at the prison, this condition was caused by medical charges to inmates, interest earned on the account, and voided checks not cashed by inmates that were not forwarded to Unclaimed Property Division of the Louisiana State Treasurers Office as required.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office implement procedures to reconcile the "Inmate Account Balance Report" to the cash balances in the in the inmate asset account on a regular monthly basis. Outstanding checks to inmates that are voided because the inmate could not be located should be sent to the Unclaimed Property Division of the Louisiana State Treasurers Office as required.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendation as stated in the audit report with exceptions. It should be noted however, that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practice's regarding the return of inmate's money. Beginning July 1, 2004, administrative personnel at the Prison will reconcile the accounts on a monthly basis. With regard to the balance of \$ 14,594.82 that is in the account, the Legislative Auditor's Office will be contacted in order to bring some type of disposition to the funds. Since an inmate signs an agreement to claim his property within ten days of his release, the money may be transferred to the General Fund of the Sheriff. While the Department of Corrections does have a remedy for such issues, local Sheriff's do not. The Tangipahoa Parish Sheriff's Office will seek an opinion of the Attorney General's Office as to the legality of the form signed by the inmate prior to his release.

Anticipated Completion Date: The anticipated completion date of the corrective action plan will depend on the responses from both the Legislative Auditor and the Office of the Attorney General.

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-I/C12 - – Lack of Adequate Internal Controls Over Criminal Bond Funds at the Jail

Description of Finding: During our audit and testing of the receipt and processing of criminal bonds at the jail, we noted inadequate controls over the collection of criminal bonds. No attempt was made to account for the numerical sequence of receipts issued. Furthermore, Tangipahoa Parish Sheriff's Office

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personnel could not locate one receipt book and numerous daily receipts journal maintained to account for the receipts issued were thrown away. Improvement is needed in the processing of criminal bond funds collected at the jail to ensure that all receipts issued for the collection of criminal bonds at the jail and all currency received are properly accounted for and remitted to the criminal division at the courthouse as required. This condition was caused by an inadequate internal control system over the receipt of criminal bonds. As a result, it was impossible for us to determine the total number of receipts issued during the year and to develop an effective audit test using sampling to the test the processing of criminal bonds received.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office implement the following procedures to strengthen internal controls over the receipt and processing of criminal bonds at the jail:

- Assign responsibility for the control of un-issued receipt books to someone other than the deputies in booking that issue the receipts and require this person to maintain a daily log of all receipts issued in numerical sequence that is reconciled to the currency received.
- Require that this daily log of receipts issued be sent along with the currency collected to the deputy in the criminal division at the courthouse to be verified. We recommend the deputy in the criminal division at the courthouse make sure all receipts are accounted for in numerical sequence, that the currency received agrees with the receipts issued and that this deputy at the courthouse sign and date this daily receipt log evidencing their review, approval and acceptance of the currency received.
- We recommend one copy of this daily receipt log signed by both the deputy at the jail and the deputy at the courthouse be maintained in a permanent file with a second copy of this daily receipt log maintained in the criminal division at the courthouse.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendation as stated in the audit report. It should be noted however that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practice's regarding the collections and deposits of criminal bonds. The Tangipahoa Parish Sheriff's Office will reference the responses given in 2004 -I/C10 in that the computer/software programmer will be contacted and requested to generate a report of the full day activities. This report will be signed by the receiving officer at the jail in addition to administrative criminal bond personnel at the courthouse. In addition to the recommendations, the receipt book will travel to the administrative personnel at the courthouse and each receipt will be initialed by that person.

Anticipated Completion Date: January 31, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

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2004-I/C13 – Inadequate Internal Controls Over Inmate Work Release Program

Description of Finding: During our audit and testing of the receipt and disbursement of inmate work release funds at the jail, we noted inadequate controls over the collection and disbursement of inmate work release funds detailed as follows:

- No written daily reconciliation form is prepared for the petty cash fund to account for the receipt and disbursement of petty cash funds used in the inmate work release program.
- Checks used in the inmate work release fund are signed by the individuals who oversee the inmate work release program who also prepare source documents, maintain inmate files, maintain the inmate's accounts receivable ledger card, post and maintain the official accounting records and reconcile the bank account.
- Official accounting records maintained in QuickBooks do not reconcile to the individual inmate work release files. Of the thirty-six individual inmate files selected for testing, thirty inmate files did not reconcile to the inmates' balance in the QuickBooks records.
- Inmate ledger cards do not properly reflect the amount owed to the inmate. We selected twelve individual inmate files at random to review. For each inmate file selected for reviewed, we selected three weeks at random throughout the year to test the accuracy of the inmate's manual ledger card balance. Of the thirty-six transactions selected for testing, we noted two instances in which the beginning balance brought forward for the week did not reconcile to the ending balance from the previous week, one inmate balance was short \$50.00 while another inmate balance was short \$1,656.98 (no documentation was available to account for this difference), three instances in which a copy of the employer's check stub was not available to review to verify the posting to the inmate ledger card, and two instances in which the calculation of the ending inmate balance for the week was wrong. One inmate balance was short \$200.00 while another inmate balance was over of \$171.89.

Improvement is needed in the processing of inmate work release funds to ensure that all inmate funds are properly accounted for and the regulations governing the inmate work release program are met. These conditions were caused by an inadequate internal control system over inmate work release program and errors by deputies responsible for overseeing the inmate work release program that were not caught by the prior Chief Civil Deputy. As a result, we noted several instances in which inmate account balances did not reconcile based on the documentation in the file and also did not agree to balances listed in the QuickBooks accounting records.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office implement the following procedures to improve internal controls over the receipt and processing of inmate work release funds at the jail:

- Immediately implement a daily petty cash reconciliation form that reconciles the beginning petty cash for the day, petty cash disbursements, petty cash replenishments, and ending petty cash for the day that can be signed by each inmate acknowledging their receipt of the daily cash advance received.

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- Immediately require two signatures on all checks written on the inmate work release bank account, one signature being the Chief Civil Deputy or his designee. Adequate supporting documentation should be attached to each check to allow the check signers to review and determine the appropriateness of the disbursements and their review and approval should be documenting by initialing and dating the source documents. In addition, we strongly recommend that the bank accounts for the inmate work release program be mailed unopened to central accounting, that personnel in central accounting not involved in the initiation, processing or recording of cash disbursement transactions review all items clearing the bank account for appropriateness and reconcile the bank account to the official accounting records under the supervision and approval of the Chief Civil Deputy with the Chief Civil Deputy documenting his review and approval of the bank reconciliation by the initialing and dating the completed *reconciliation form*.
- Revise the existing chart of accounts for the inmate work release program fund in QuickBooks and revise existing procedures and source journals to provide for a better reconciliation between the inmate balance in the work release file with the inmate balance in the QuickBooks files.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendation as stated in the audit report. It should be noted however that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices with regard to the accounting in the work release program. On July 1, 2004 a form was introduced to the Work Release Program which indicated each disbursement to each inmate each day. The form also contained the check number, which was cashed by Work Release employees. Each day the form contains the amount of money, which was disbursed to inmates in addition to the balance at the day's end. Reference is made to 2004 - I/C2 where stamped signatures were used. The inmate work release now requires two signatures. After several months of only the Sheriff, Chief Criminal Deputy, and Chief Civil Deputy being the two signatures, the Warden is now allowed to be one of the signatures. This allows for a smoother operation and a more practical one. No employee in the Work Release Program signs checks.

The prior administration's choice to use QuickBooks for the accounting in the Work Release Program. The present administration will use Quicken as the software. The reason is attempting to set the program into the mode of a business is futile. The Work Release Program is simply a checking account for an inmate. Checking accounts will be set up for each inmate and maintained as such. On a bi-weekly basis the accounts will be balanced and funds distributed. At the end of each month, each inmate will receive a statement. The Billing Receivables Clerk will act as the "bookkeeper" for the inmates' accounts.

Anticipated Completion Date: January 31, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

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2004-I/C14 – Lack of Adequate Documentation for Credit Card Charges

Description of Finding: During our audit and testing of credit card charges, we noted that credit card charges as reflected on the monthly credit card statement that was paid by the Tangipahoa Parish Sheriff's Office to "*Cardmember Services*" either lacked receipts or receipts existed but no documentation existed to support the business purpose of the expenditure. This condition was noted in prior years as finding number 2001-C4. We selected the twelve monthly credit card statements for "*Cardmember Services*" for testing. Of the 309 charges on the monthly statements totaling \$24,468.62, 210 charges totaling \$9,830.07 contained no supporting invoice and 5 charges totaling \$90.13 contained a supporting invoice but lacked adequate documentation to establish the business purpose of the expenditure. Included in these totals are 182 charges totaling \$7,780.02 by the former sheriff containing no supporting invoices to document the business purpose of the expenditure detailed as follows: 89 unsubstantiated charges totaling \$3,942.23 that appear to be for meals, 81 unsubstantiated charges totaling \$2,862.94 that appear to be for gas, 8 unsubstantiated charges totaling \$594.34 that appear to be for vehicles repairs and 4 unsubstantiated charges totaling \$380.51 that appear to be for lodging and other items. Improvement is needed in this area to make sure that an approved vendor invoice that adequately documents and establishes the business purpose for the expenditure properly supports all credit card charges. The cause of this condition was the failure of the accounts payable clerk to demand receipts for all credit card charges prior to the payment of the credit card statement and this condition was not corrected by the prior Chief Civil Deputy. As a result, numerous charges on the credit card many of which were for fuel and meals were paid without adequate documentation as the business purpose for the expenditure.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office consider eliminating the sheriff's office credit card and reimburse employees for business expenses incurred by requiring each employee to submit copies of paid invoices with adequate documentation to establish the business purpose of the expenditure. If elimination of the credit card is determine not to feasible, we recommend that the credit card remain in the possession of Chief Civil Deputy and that no charges be paid unless they are adequately support with a vendor invoice and documentation exists to support the business purpose of the expenditure.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office agrees with the finding and the recommendations as stated in the audit report. It should be noted however that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices with regard to credit cards. The Tangipahoa Parish Sheriff's Office at the present time does not issue credit cards, with exception. Cards are issued to the Sheriff, Criminal Chief Deputy, Civil Chief Deputy, and the Purchasing Agent in their respective names. A card at the request of the Sheriff is issued to the Office in a generic sense. The card that is issued to the Office has a credit limit of \$300.00. The same rules and procedure applies as those stated in 2004-C11, in that proper documentation must be provided in order that payment be accomplished.

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In the fact stated that charges of \$9,830.07 contained no supporting documents, the Tangipahoa Parish Sheriff's Office will seek the same remedy as recommended by the audit team in 2004-C3 of this audit report.

Anticipated Completion Date: July 1, 2004

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-I/C15 - Inmate Signatures for Prison Commissary Purchases Not Obtained

Description of Finding: During our audit and testing of prison commissary purchases by inmates, we noted several instances in which prison commissary charge invoices were not signed by the inmate. We selected a sample of forty charges to inmate asset accounts for prison commissary purchases for testing. Of the forty charges selected for testing, we noted ten instances in which there was no signature of the inmate present on the commissary charge invoice. This condition was also noted in the prior year as finding 2003-M1. Signature on prison commissary charge invoices is required to document that the inmate received all items on the charge ticket and is authorizing the total amount of the ticket to be charged against his inmate asset account. Improvement is needed in this area to make sure that the inmate as evidenced by his approval signature properly authorizes all charges to his inmate asset account. The cause of this condition was an oversight on the part of the deputy who distributed the commissary merchandise who failed to obtain the inmate approval signature as required. As a result, charges were made to the inmate's asset account without the proper approval from the inmate as evidenced by his approval signature on the charge ticket.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office deputy in charge of the prison commissary to review all prison commissary charge tickets for approval signatures before they are sent to the prison accounting office for posting to the inmates asset account. Charge tickets not properly signed by the inmate should not be posted to the inmate's asset account until such time as the proper inmate signature is obtained.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and recommendations as stated in the audit report with exceptions. It should be noted however, that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practice's regarding the distribution of commissary items to inmates. The Tangipahoa Parish Sheriff's Office noted in the audit report about a previous year finding listed in 2003-M1.

Personnel in the prison who handles the commissary stated that they were not advised of the previous year finding. The testing that was completed by the audit staff revealed a practical situation that occurs in a correctional/ prison environment. Inmates submit to the commissary on a scheduled day a request for commissary items. The items are then placed in a paper bag along with the invoice/receipt. The schedule is made for a particular section at a time. The schedule is constantly revolving throughout the

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facility on a weekly basis. An inmate may place an order, but on the day that it is to be delivered, the commissary is out of that particular item. The Deputy who is delivering the items also carry 's with him extra items, that inmates can substitute for items ordered that is no available. The Deputy indicates the substituted items on the commissary invoice/receipt and upon completing his rounds; the sheet is delivered to administration. Administration then produces a sheet with the additions and deletions and matches the "new sheet" with the one the inmate actually signed. The inmate's account is also adjusted accordingly.

The Deputy who distributes the commissary will carry with him a "Change Form", which will show the substitutions of commissary items. The "Change Form" will be attached to the original invoice/receipt and will be signed by the inmate.

In the cases where inmates are not present during the distribution of commissary items because of many reasons such as, court appearance, work release and trustees, the invoice/receipt will indicate the same. Upon their return attempts will be made to have them signed when practical.

Anticipated Completion Date: January 15, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-I/C16 – Inadequate Internal Controls Over Property and Equipment

Description of Finding: During our audit and testing of property and equipment, we noted several significant weaknesses in the existing internal controls over property control by the Tangipahoa Parish Sheriff's Office detailed as follows:

- The Tangipahoa Parish Sheriff's Office does not have a full-time property control manager on staff. Responsibility for maintaining a master listing of fixed assets inventory has been given to individuals with other responsibilities within the Tangipahoa Parish Sheriff's Office. In addition, there were no specific asset custodians at the various Tangipahoa Parish Sheriff's Office locations (Tangipahoa Parish Jail, Amite Courthouse, Hammond Substation, etc.) charged with the responsibility for accounting for property at their locations.
- The current fixed asset listing is incomplete and inaccurate. There are a large number of assets that do not have costs associated with them resulting in an inability to properly calculate the total value of fixed assets. The missing costs on fixed assets also do not allow an accurate calculation of depreciation expense. Furthermore, the totals shown in the general ledger for fixed asset purchases did not tie to the totals for additions shown on the master inventory listing.
- No formal procedures exist for removing items from the fixed asset listing when they are sold or otherwise disposed of. In addition, the fixed asset tracking software does not have the capabilities to accurately record the date on which an asset is disposed of.
- The asset tracking software (Asset Tracker) is an old software system that is currently maintained on only one computer at the Tangipahoa Parish Sheriff's Office. The Tangipahoa Parish Sheriff's Office currently owns only a single user license for this software that restricts

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usage to only a single computer. In addition, the data files for this software are maintained on the computer itself, not on the Tangipahoa Parish Sheriff's Office network.

- Most of the information entered into the fixed asset tracking software can be edited after the asset has been input. This includes information related to the asset's purchase date as well as the cost of the asset. Although access to the program is limited to a few individuals.
- A separate listing of fixed assets purchased through the use of federal funds is not maintained. The master fixed asset inventory listing currently does not distinguish between those assets purchased with Federal grant funds from those assets purchased with non-federal funds.
- A custom fabricated barbeque pit with custom trailer carrying a public license plate was repaired and maintained by the sheriff's office but retained by the prior sheriff upon leaving office. Adequate cost records do not exist to determine actual ownership.
- A Melex golf cart listed on the property inventory was repaired and maintained by the sheriff's office but retained by the prior sheriff upon leaving office. Adequate cost records do not exist to determine actual ownership.

These conditions were also noted in the prior year as finding 2003-C1. Improvement is needed in the area of property control to ensure that adequate controls are maintained over property and equipment and to comply with the requirements of state law regarding property inventory and control. This condition occurred because of inadequate procedures over property control that was noted in prior audits that was not corrected by the prior Chief Civil Deputy. As a result, failure to maintain adequate controls over property and equipment creates an environment in which unintentional or intentional errors or irregularities could occur and not be detected in a timely manner by management.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office implement the following recommendations:

- Hire a full-time property control manager responsible for maintaining the master fixed asset inventory listing, conducting an annual inventory check, recording fixed asset purchases and deletions during the year, and tagging all fixed asset purchases during the year.
- Perform a comprehensive fixed asset physical inventory on an annual basis to identify all equipment not on the fixed asset inventory listing as well as all equipment on the fixed asset inventory listing that is currently not tagged.
- Purchase a new and updated fixed asset tracking software that can be installed on multiple machines as well as laptop computers for making inventory updates at other office locations.
- Require that documentation be prepared when transferring assets from one location / office to another to facilitate in developing accurate fixed asset records.
- Require that all fixed asset purchases of the Tangipahoa Parish Sheriff's Office be delivered to a centralized property control center for immediate tagging and input into the fixed asset software. In addition, receiving reports / shipping documents should be matched against a valid purchase order / purchase requisition at this time to ensure proper delivery of purchases.
- Require each grant program manager to maintain an accurate listing of the fixed assets purchased through their grant programs. Also, require that the grant administrator be kept up-to-date on purchases made by each of the grant programs.

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- Require all employees to return equipment assigned to them upon termination from employment. The cost of equipment not returned should be charged to the terminated employee.
- Adopt a policy prohibiting the repair and maintenance of property not titled in the name of the sheriff's department.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations of the audit report. It should be noted however, that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practice's regarding fixed assets. Upon assuming Office on July 1, 2004, the Tangipahoa Parish Sheriff's Office was handed a listing of fixed assets. The prior Chief Civil Deputy did not sign the listing. Many items listed were found to be incorrectly listed or missing. Fixed Asset software had been installed and a person hired to manage the reporting. Items, which are missing and can be entered into NCIC is being researched on a case-by-case basis. The Purchasing Agent is the primary person in the link of a successful Fixed Asset reporting. As mentioned in other findings, specifically 2004 – I/C3, the Purchasing Agent will follow through from the "request" to the addition of the purchased item to Fixed Assets when necessary.

Anticipated Completion Date: The anticipated completion of the corrective action plan will be partially, if not, totally completed for the next audit period.

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-I/C17 – Inadequate Internal Controls Over Seized Assets

Description of Finding: During our audit and testing of currency seized from suspects during arrests, we noted that the policy of the Tangipahoa Parish Sheriff's Office is to issue receipts only in instances in which a search warrant is used. Of the eighteen cases resulting in seized currency, we noted ten instances in which a seizure receipt was not obtained either because no search warrant was used or the suspect fled the scene. We believe a seizure receipts should be completed in all instances in which currency is seized from suspects and the seizure receipt maintained in the file. Improvement is needed in the controls over seized assets to ensure that internal controls are adequate to account for all currency received during arrests and that those funds are promptly deposited in the fiscal agent bank daily as received. This condition occur because of inadequate procedures over seized assets and in many instances the suspect has fled the scene and was not available to sign the receipt acknowledging the amount of the currency received. Failure to require a receipt in all instances in which currency is seized creates an environment in which unintentional or intentional errors or irregularities could occur and not be detected in a timely manner by management.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office revise its current policy to require a receipt to be completed in all instances in which currency is seized during an arrest. If the suspect fees the scene and is not available to sign the receipt, we recommend that the currency seized be

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counted in the presence of at least two deputies both of whom should sign the receipt acknowledging the receipt of the seized currency.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and recommendations with some exception. It should be noted however, that the present administration began the term on July 1, 2004 and had no control or knowledge over the prior administration's practices regarding seized assets. The Tangipahoa Parish Sheriff's Office will attempt to have the violator sign a receipt when a seizure is made, however sometimes this is not practical. If a violator is not present then the "Chain of Custody" form will be used to indicate all persons involved in the seizure. The deposit slip will evidence the final disposition and be attached to the form.

Anticipated Completion Date: January 1, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-I/C18 – Lack of Documentation for Lease Expenditures

Description of Finding: During our audit and testing of expenditures, we noted several instances in which the Tangipahoa Parish Sheriff's Office paid for monthly lease payments to various entities without adequate documentation in the accounts payable vendor files to support the lease payment. We were unable to locate an invoice or copy of any written lease agreement in the file documenting the terms and conditions of the leases detailed as follows:

Payee	Monthly Lease Amount
Bill Don Lou, LLC	1,700
Charles Brister	900
Hood Enterprises	500
Carl Gaines Wrecker Service	400
Triple R Printing	225
Carl Gaines Wrecker Service	150

Improvement is needed over lease expenditures to ensure that adequate internal controls over expenditures are maintained and the terms and conditions of all lease payments are adequately documented by the execution of written lease agreements. This condition occurred because the prior accounts payable clerk paid the regular monthly lease payments without an approved invoice or other written documentation in the file and this was not corrected by the prior Chief Civil Deputy.

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Recommendation: We recommend the Tangipahoa Parish Sheriff's Office review all existing monthly lease payments and execute written lease agreements to document the terms and conditions of each lease. We further recommend that any written lease contain a "Non-appropriation Clause" whereby the lease is cancelled should the sheriff's office decide not to budget funds for the payment of the lease in any subsequent year.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendation as stated in the audit report. It should be noted however, the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices with regard to lease expenditures. Upon assuming Office on July 1, 2004, all leases were examined. Those agreements which could not be located were paid only upon the vendor submitting an invoice. This was simply done because some operations of the Sheriff's Office were necessary and required. During the current period all leases have been renegotiated, renewed or cancelled if not necessary.

Anticipated Completion Date: January 31, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-I/C19 – Lack of Adequate Documentation For Employee Benefit Expenditures

Description of Finding: During our audit and testing of employee benefit expenditures, we noted several instances in which the Tangipahoa Parish Sheriff's Office paid for various employee benefits and we could find no documentation in the vendor files or personnel files to document what the type of benefit provided, the employees covered and the limits of coverage detailed as follows:

Payee	Account Charged	Amount
Canada Life	Employee Benefits	24,306
Primerica Life	Supervisor Insurance	7,716
Primerica Financial Services	Supervisor Insurance	18,000
First Colony Life	Supervisor Insurance	18,803
Various Employees	Medicare Supplement	7,567

Improvement is needed over employee benefit expenditures to ensure that adequate internal controls over expenditures are maintained, that the benefits provided, the employees covered and the limits of coverage terms, and other terms and conditions are adequately documented in the files and that the federal requirements regarding nondiscriminatory plans and maximum benefit amounts are complied with. This condition occurred because the prior accounts payable clerk paid the regular monthly

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premium payments and payments to individuals without an approved invoice or other written documentation in the file and this was not corrected by the prior Chief Civil Deputy.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office perform a thorough review all employee benefits and maintain a copy of any insurance policy in the vendor file for review by the accounts payable clerk prior to payment. We further recommend that the sheriff's office review its current policy of reimbursing employees and retirees for the cost of their Medicare supplement. If the decision is to continue this policy should be made only in instance in which adequate documentation as required by Treasury Regulation § 1.62-2(e)(3) is provided.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office agrees with the finding and recommendations as stated in the audit report. It should be noted however, the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices regarding employee benefit expenditures. Upon assuming Office on July 1, 2004, the expenditures listed as employee benefits was found to be benefits paid by the Tangipahoa Parish Sheriff's Office only for certain supervisors. The practice was immediately discontinued. The Tangipahoa Parish Sheriff's Office at the present time expends funds for statutory requirements for all employees and not just certain groups. In the future, the Tangipahoa Parish Sheriff's Office may enter into some type of Deferred Compensation Plan or Cafeteria Plan whereas matching funds are permissible for all employees participating.

Anticipated Completion Date: July 1, 2004

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

Section II – Internal Control and Compliance Material to Federal Awards

Compliance

2004-FC1 – Failure to Comply with Provisions of the COPS in Schools Grant

Description of Finding: During our audit and testing of Federal grant fund expenditures for the COPS in Schools Grant (Grant #2002SHWX0383, CFDA 16.710), we noted a number of instances in which the Tangipahoa Parish Sheriff's Office failed to comply with the specific requirements of the grant award detailed as follows:

- The conditions of the grant award require that quarterly Financial Status Reports be filed within forty-five days after the end of the each quarter during the duration of the grant. Of the four quarterly Financial Status Reports required to be filed for the grant for the period July 1, 2003 through June 30, 2004, we noted the report for the quarter ended September 30, 2003, was filed

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late and the report required for the quarter ended March 31, 2004, was not filed at all resulting in grant funds being withheld until the report was filed on July 19, 2004.

- The conditions of the grant award require that the quarterly Financial Status Reports submitted to request reimbursement of grant expenditures match the actual expenditures incurred. Of the four quarterly Financial Status Reports filed requesting reimbursement of grant expenditures, none of the reports matched the actual expenditures incurred and chargeable to the grant as evidenced by the underlying accounting records.
- The conditions of the grant award require that any salary charged to the grant not exceed the maximum allowable for "entry-level" officer positions. Of the ten employee salaries charged to the grant, we noted the salary of three employees were charged to the grant at an amount in excess of the maximum for "entry-level" officer positions as approved in the original grant award resulting in a questioned costs in the amount of \$11,393.11 as described in the accompany *"Schedule of Findings and Questioned Costs"*.
- The conditions of the grant award require that unless authorized in writing by the COPS Office, grant funds may not be applied to the salary or benefits of an officer hired by a grantee prior to the grant award date. Of the ten employee salaries charged to the grant, we noted that eight employees were hired prior to the grant award start date. The grant files contained no evidence that written authorization had been obtain from the COPS Office to charge these employees hired before the grant award date to the grant as required.
- The conditions of the grant award require that an Immigration and Naturalization Eligibility Verification Form (I-9) be completed on all employees and kept on file. Of the ten employees charged to the grant, none had copies of Form I-9 on file for us to review.
- The conditions of the grant award require that seventy-five percent of the time of the officers deployed to work in the schools must be spent in and around schools working on youth related activities. The current time sheets used by sheriff's office to document the hours worked by employees are inadequate to properly document compliance with this grant condition. Of a sample of thirty-six individual payroll checks selected for testing, we noted three instances in which time sheets could not be found, none of the time sheets found were approved by a representative of the school the officer was assigned to documenting the time actually spent at the school and none of the time sheets had sufficient detail regarding hours worked for us to determine that at least seventy-five percent of an officers time for the period July 1, 2003 through June 30, 2004, that was charged to the grant was actually spent in the school the officer was assigned to.
- The conditions of the grant award require that the officers hired under the COPS in Schools grant brings the sworn force strength to a number over and above the number of officer positions that were budgeted (funded) by local sources as of the date of the COPS in Schools application. The number of sworn officer positions that was submitted with the COPS in Schools application in the Retention Plan Certification contained 304 total officer position, 267 full-time officers, and 37 part-time officers. Due to budget cuts required to eliminate an outstanding budget deficit resulting in employee layoffs, our testing revealed that the total number of employees decreased to 231 or 73 less than the required minimum as contained in the Retention Plan Certification. There is no evidence in the files that approval was obtained in writing from the COPS Office for

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this reduction in minimum force levels as required by the grant award. Furthermore, four out of a total of seven school resource officer positions remained unfilled for four months or longer.

- The conditions of the grant award require that for each grant recipient that receives a single award for \$500,000 or more, and has 50 or more employees that a comprehensive Equal Employment Opportunity Plan (EEO) be submitted. The COPS in Schools grant award totaled \$561,016 and the Tangipahoa Parish Sheriff's Office has in excess of 50 employees. There is no evidence in the grant files that a comprehensive Equal Employment Opportunity Plan (EEO) was completed and submitted for approval within sixty days of the grant award date as required.

Improvement is needed in the administration of the COPS in Schools grant to ensure that adequate internal controls are maintained to make sure that the specific requirements of the grant are complied with. These conditions were caused because of inadequate accounting procedures and related documentation for expenditures charged to this grant program, lack of proper monitoring of this grant program by the program manager and failure to properly supervise the work on the grant program manager by the prior Chief Civil Deputy. As a result of these conditions, the Tangipahoa Parish Sheriff's Office failed to comply with the specific requirements of the COPS in Schools grant that led to a questioned cost totaling \$11,393.11.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office perform the following to resolve this finding:

- Immediately contact the COPS Office and notify them of the audit findings and request waivers in writing for the minimum workforce requirement and the date of hire requirement.
- *Appropriately modify the existing chart of accounts and payroll posting to separate Federal grant fund expenditures from non-federal expenditures.*
- Modify the current time and attendance sheets to make sure that time sheets, properly approved by school personnel, adequately document the time spent at school to satisfy the seventy-five percent in school requirement.
- Implement a comprehensive Equal Employment Opportunity Plan (EEO) be submit to the Office of Justice Programs, Office of Civil Rights as required.
- Review the current grant files with program managers to make sure all reports required by the conditions of the grant are up to date, complete, accurate, and submitted timely as required.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendation as stated in the audit report. It should be noted however that the present administration began the term on July 1, 2004 and had no control or knowledge of the prior administration's practices with regard to provisions of the COPS in Schools Grant.

On July 1, 2004, the Tangipahoa Parish Sheriff's Office created a Grant Department staffed by two experienced grant administrators. The Grant Department will file Financial Status Reports within forty-five days after the end of the quarter during the duration of the grant. The Grant Department has

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reviewed and completed all delinquent Financial Status Reports. The Grant Department will on a continuing basis review all Financial Status Reports and submit revisions as needed.

The Department's Accounting Department will provide accounting records supporting actual expenditures based on employee's actual that will be report on Financial Status Reports. New Policy and procedures in the current administration requires a free flow of information concerning all grant expenditures between accounting personnel and grant function. The Grant Department maintains a copy of grant financial records with each grant.

The Grant Department will submit revised Financial Status Reports indicating the maximum allowable for 'entry-level' officer position in the amount of \$32,018.00 first year, 32,913.00 second year and 33,456 third year.

The current time and attendance sheets will be modified to make sure that time sheets, properly approved by school personnel, adequately document the time spent at school to satisfy the seventy-five percent in school requirements. The COPS in Schools Officers will devote at least seventy-five percent of their time working youth related activities in the Tangipahoa Parish School District.

Form I-9, "Immigration and Naturalization Eligibility Verification will be completed and on file for review as required.

The Department will submit a request to revise the Retention Plan Certification to reflect this administrations sworn strength to 248 full-time and 9 part-time employees. This number does not include the 8 COPS in School Officers.

The Department will implement a comprehensive Equal Employment Opportunity Plan (EEOP) and submit it to the Office of Justice Programs, Office of Civil Rights as required.

Anticipated Completion Date: June 30, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-FC2 – Failure to Comply with Provisions of the COPS Methamphetamine Grants

Description of Finding: During our audit and testing of Federal grant fund expenditures for the COPS Methamphetamine Grants (Grant #2002CKWX0356, Grant #2003CKWX0066, CFDA 16.710), we noted a number of instances in which the Tangipahoa Parish Sheriff's Office failed to comply with the specific requirements of the grant award detailed as follows:

- The conditions of the grant award require that quarterly Financial Status Reports be filed within forty-five days after the end of the each quarter during the duration of the grant. Of the eight quarterly Financial Status Reports required to be filed for the two grants for the period July 1, 2003 through June 30, 2004, we noted six instances in which the required report was filed late.

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- The conditions of the grant award require that the quarterly Financial Status Reports submitted to request reimbursement for grant expenditures match the actual expenditures incurred. Of the *eight quarterly Financial Status Reports filed requesting reimbursement of grant expenditures*, none of the reports matched the actual expenditures incurred and chargeable to the grant as evidenced by the underlying accounting records. Furthermore, of the twenty-five expenditures selected for testing, we noted one instances in which we felt the expenditure was not reasonable, five instances in which the expenditure was not properly approved as evidenced by a signed purchase order or other evidence of approval and five instances in which we could not locate the cancelled check for the expenditure.
- The conditions of the grant award require that salary payments be based on payroll records and time and attendance records or the equivalent must support payroll records. Of the four payroll checks paid for the salary of support personnel, we noted two instances in which the time sheet was not signed by the employees' supervisor evidencing his approval for the time worked. Furthermore, of the thirty individual payroll checks issued for overtime charged to the grant, none of the overtime checks contained the approval of the employees' supervisor on the time sheet. None of the overtime time sheets contained the case number to allow us to cross-reference the overtime paid to the actual Methamphetamine cases worked during the year. We also noted several instances in which community resource officers were paid overtime that was charged to *the grant for time worked during their normal shift that was included in their normal salary from the sheriff's office*.

Improvement is needed in administration of the COPS Methamphetamine grants to ensure that adequate internal controls are maintained to make sure the specific requirements of the grant are complied with. These conditions were caused because of inadequate accounting procedures and related documentation for expenditures charged to this grant program, lack of adequate controls and monitoring of overtime by employees, lack of proper monitoring of this grant program by the program manager and failure to properly supervise the work on the grant program manager by the prior Chief Civil Deputy. As a result of these conditions, the Tangipahoa Parish Sheriff's Office failed to comply with the specific requirements of the COPS Methamphetamine grants. In addition, lack of adequate controls and supervision over overtime worked by employees creates an environment in which unintentional or intentional errors or irregularities could occur with payroll overtime and not be detected in a timely manner by management.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office perform the following to resolve this finding:

- Contact the COPS Office and notify them of the audit findings and the corrective action planned.
- Appropriately modify the existing chart of accounts and payroll posting to separate Federal grant fund expenditures from non-federal expenditures and classify all overtime charged to the Methamphetamine grant to a separate expenditure category for tracking as required by the grant.
- Modify the current time and attendance sheets to make sure that the time sheets adequately document the time worked on each case and require supervisors to review and approve all time sheets. Furthermore, require supervisors to review all time sheets for the employee for the

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payroll period to make sure that overtime is not paid for time worked during normal shift hours or other periods (vacation, holiday, etc.) in which the employee was paid their regular salary.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendation as stated in the audit report. It should be noted however that the present administration began the term on July 1, 2004 and had no control or knowledge of the prior administration's practices with regard to provisions of the COPS Methamphetamine Grants.

The Tangipahoa Parish Sheriff's Office has established grants office, staffed with two experienced grant administrators. The Grant Office will adhere to all Office of Justice Programs Financial Guides, and submit within forty-five days Financial Status Report each calendar year until the duration of the program. The Grants Department has reviewed and completed all delinquent Financial Status Reports.

The Grant Department has contacted the U.S. Department COPS Office and notified them of the audit findings and the procedures for requesting a waiver for the minimum workforce requirement. The Department will request a waiver to reduce the minimum workforce to 258 sworn full-time officers and nine part-time officers.

The Department Methamphetamine Initiative does not fund full-time employee salaries. The program only funds salary in overtime worked. Employees working overtime on grants must receive prior approval from their supervisor. A form has been provided for the Methamphetamine Initiative overtime worked by investigators and support personnel. The form has the name of employee working overtime, date of overtime, department investigative item number, time of employee's regular duty assignment, number of overtime hours and the time the overtime was worked. The overtime form will be dated and signed by the employee and approved by his/her supervisor. Accounting will verify the overtime worked and assign the overtime to the grant for reimbursement.

Anticipated Completion Date: June 30, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-FC3 – Failure to Comply with Provisions of the Multi-Jurisdictional Drug Task Force Grant (Tri-Parish)

Description of Finding: During our audit and testing of Federal grant fund expenditures for the Multi-Jurisdictional Drug Task Force (Tri-Parish) Grant (Grant #B01-5-00316.579), we noted a number of instances in which the Tangipahoa Parish Sheriff's Office failed to comply with the specific requirements of the grant award detailed as follows:

- The conditions of the grant award require that monthly expenditure reports submitted to request reimbursement for grant expenditures match the actual expenditures incurred and be submitted within fifteen days of the end of the month. Of the five monthly expenditures selected for

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testing, two reports were filed late and one report was not filed at all resulting in the withholding of grant funds in the amount of \$28,551. Furthermore, during our testing of salaries charged to the grant we noted that the total salary expenditures charged to the grant exceeded the actual salary expenditures paid to employees by \$11,059.54. This condition occurred because employees were paid at rates that were less than the rates approved in the grant award yet the sheriff's office requested reimbursement for the full amount contained in the grant award. No attempt was made to reconcile the actual payroll costs incurred to the approved payroll in the grant award. Because the Federal fund portion of this grant is seventy-five percent, this condition resulted in a questioned costs totaling \$8,294.65.

- The conditions of the grant award require that all currency advanced to agents for "buy money" be properly accounted for using expense sheets and voucher signed by the deputy and supervisor authorizing the disbursement. Of the thirty transactions selected for testing, we note one instance totaling \$700.00 in which the voucher for investigative expenditures was not signed by the supervisor in charge of the Tri-Parish program documenting his authorization for the cash advance to the deputy.

Improvement is needed in administration of the Multi-Jurisdictional Drug Task Force Grant (Tri-Parish) to ensure that adequate internal controls are maintained to make sure that the specific requirements of the grant are complied with. These conditions were caused because of inadequate accounting procedures and related documentation for expenditures charged to this grant program, lack of proper monitoring of this grant program by the program manager and failure to properly supervise the work on the grant program manager by the prior Chief Civil Deputy. As a result of these conditions, the Tangipahoa Parish Sheriff's Office failed to comply with the specific requirements of the Multi-Jurisdictional Drug Task Force Grant (Tri-Parish).

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office perform the following to resolve this finding:

- Appropriately modify the existing chart of accounts and payroll posting to separate Federal grant fund expenditures from non-federal expenditures and classify all time charged to the Multi-Jurisdictional Drug Task Force for tracking as required by the grant.
- Reconcile the monthly expenditure reports to the actual expenditures for the period and have a supervisor review and approve the report before submission to grantor agencies.
- Quarterly perform an internal audit of the Tri-Parish files to ensure that all files are complete, accurate and contain proper approval signatures as required.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendation as stated in the audit report. It should be noted however that the present administration began the term on July 1, 2004 and had no control or knowledge of the prior administration's practices with regard to provisions of the COPS in Schools Grant.

The Department will modify the existing chart of accounts and payroll posting to separate Federal grant fund expenditures from non-federal expenditures and classify all time charged to the Multi-Jurisdictional

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Drug Task Force for tracking as required by the grant by segregating each grant by including a separate expenditure category for each grant.

Financial Status Reports are submitted on a quarterly basis to the Louisiana Commission on Law Enforcement. The Chief Civil Deputy approved the Financial Status Report prior to being submitted.

The Grant Department reviews all files of there accuracy and completeness and see that they contain the necessary signatures before they are submitted to the grantor agencies or accounting.

Anticipated Completion Date: June 30, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-FC4 – Failure to Comply with Provisions of the Local Law Enforcement Block Grant

Description of Finding: During our audit and testing of Federal grant fund expenditures for the Local Law Enforcement Block Grants (LLEBG Grant 2002-CK-WX-0356 and LLEBG Grant #2002-LB-BX-2343), we noted that the balance of unexpended grant funds received exceeded the cash available in the LLEBG grant account by \$33,043.41. In our opinion, the balance of any unexpended grant funds received should at all times equal the cash balance available in the LLEBG grant account. This condition occurred because improper transfers of funds from the LLEBG grant occurred in the prior year combined with the sheriff's office ten-percent local matching portion of current year expenditures totaling \$21,499.40 being paid out of the LLEBG grant account. Furthermore, the current chart of accounts does not separate grant expenditures from non-grant expenditures and does not account for expenditures by individual LLEBG grants as required. Improvement is needed in the monitoring of the LLEBG grants to ensure that adequate internal controls are maintained to make sure that the specific requirements of the grant are complied with. These conditions were caused because of inadequate accounting procedures and related documentation for expenditures charged to this grant program, lack of proper monitoring of this grant program by the program manager, charging the sheriff's office ten-percent local matching portion of each expenditure to the grant and failure to properly supervise the work on the grant program manager by the prior Chief Civil Deputy. As a result, the specific requirements of the LLEBG grants related to separate accounting of expenditures and ten-percent local matching requirements were not met.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office perform the following to resolve this finding:

- Transfer \$33,043.41 from the General Fund checking account to the LLEBG checking account to reimburse the account for the sheriff's office local match requirement for expenditures charged to the grant.
- Appropriately modify the existing chart of accounts to separate Federal grant fund expenditures from non-federal expenditures and separate expenditures between individual grants as required.

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- For future eligible expenditures paid by the General Fund, do not transfer from the LLEBG grant bank account to the General Fund the sheriff's office ten-percent local matching portion.
- Quarterly perform an internal audit of the LLEBG grant program to ensure that any unexpended grant funds equal the unspent balance remaining in the LLEBG bank account.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendation as stated in the audit report. It should be noted however that the present administration began the term on July 1, 2004 and had no control or knowledge of the prior administration's practices with regard to provisions of the COPS in Schools Grant.

\$33,043.41 was transferred to the LLEBG checking account to reimburse the account for the Department's local match requirement for expenditures charged to the grant.

The LLEBG funds are deposited in a separate interest earning account with grant funds being separated in the Department's accounting ledger to distinguish between individual LLEBG grant funds.

The Department has submitted a Vendor/Miscellaneous Payment Enrollment Form directing LLEBG funds be transferred to the Department's LLEBG trust account. The Department's ten percent cash match will be deposited in the trust account once the LLEBG funds have been deposited by the Department of Justice.

The Accounting Department will perform an internal audit quarterly to ensure that any unexpended grant funds equal the unspent balance remaining in the LLEBG trust bank account.

Anticipated Completion Date: June 30, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

Internal Control

2004-FI/C1 – Lack of Proper Segregation of Federal Grant Expenditures

Description of Finding: During our audit and testing of Federal grant fund expenditures, we noted that the current chart of accounts for the General Fund is inadequate to properly account for the receipt and disbursement of Federal and state grant funds as required by federal and state grant regulations. This condition was noted in prior years as finding number 2003-F2. The current chart of account for the General Fund lacks account numbers for each account, does not separate grant expenditures from non-grant expenditures and does not properly classify grant expenditures by individual grant award and by the classifications contained in the original grant budget approval making it impossible for grant program managers and central accounting personnel to properly monitor the progress of each grant on a regular basis. Improvement is needed in administration and accounting for grant funds to ensure that adequate internal controls and monitoring over federal and state grant funds is maintained and to

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adequately comply with the grant requirements regarding separate identification of grant and non-grant expenditures. The cause of the this condition was an inadequate design of the internal control system for monitoring grant expenditures by the prior Chief Civil Deputy and her failure to implement the recommendations made by the prior external auditor regarding this same condition. Failure to properly separate grant expenditures from non-grant expenditures creates an environment in which unintentionally or intentional errors or irregularities could occur and not be detected timely by management, in which it is extremely difficult and time consuming at year-end to identify grant expenditures, to determine actual expenditures by grant program, to monitor grant expenditures for period of availability and approved budget requirements, to compute grant receivables due from grantor agencies for expenditures incurred, to reconcile actual grant expenditures to grant drawdown requests which ultimately led to a questioned cost that is identified in the *Schedule of Findings and Questioned Costs* as Finding No. 20014-FC1.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office revise its current chart of accounts for the General Fund to include account numbers for each account. We further recommend that the chart of accounts be expanded, with consultation from each grant program manager, to include a separate expenditure category for each federal and state grant program currently open and that sub accounts be created within each grant category to match the expenditure classifications contained in the approved grant budget. In addition, once completed, we recommend this revised chart of account be distributed to each grant program manager to be used to classify grant expenditures by the appropriate expenditure account classification. Furthermore, we recommend the coordination between grant program managers and central accounting personnel be improved by requiring grant program managers to submit purchase requisitions by the revised grant classification codes, that central accounting provide each grant program manager with a regular monthly report of grant expenditures incurred by individual grant and approved expenditure category and provide grant program managers with monthly budget report by individual grant so that grant program managers can monitor the progress of each grant to determine when expenditures limits contained in the approved grant budget are met or period of availability restrictions are exceeded.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendation as stated in the audit report. It should be noted however that the present administration began the term on July 1, 2004 and had no control or knowledge of the prior administration's practices with regard to provisions of the COPS in Schools Grant.

The Department will revise its current chart of accounts for the General Fun to include account numbers for each account. The accounts will be expanded to include a separate expenditure account for each grant program including creating sub accounts to match the expenditure classification contained in the approved grant budget. The Grant Department will cooperate with Accounting to help implement the grant accounting procedures. The Grant Department will also be responsible for submitting purchase requisitions with the revised grant classification codes. Accounting will provide the Grant Department a monthly expenditure report of all grant activity.

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Anticipated Completion Date: June 30, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-FI/C2 – Lack of a Written Policy and Procedures Manual

Description of Finding: During our audit and testing of Federal grant fund expenditures, we noted that Tangipahoa Parish Sheriff's Office did not maintain a written accounting policies and procedures manual. A written accounting policies and procedures manual is essential to provide detailed, concise and comprehensive directions to all staff describing all accounting functions, procedures and reporting needed to ensure proper control over the receipt and disbursement of Federal grant funds. Improvement is needed in this area to make sure that internal controls over the receipt and disbursement of Federal grant funds are maintained and the specific requirements of Federal grant programs are met. This condition was caused because the accounting procedures regarding Federal funds were inadequate as identified in finding number 2004-FC1 above and the procedures were not revised as recommended by the prior auditor.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office develop a comprehensive, written accounting policies and procedures manual for use by personnel in the central accounting office and by Federal grant program managers. These procedures should be consistent with the requirements of Office of Management and Budget (OMB) Circulars A-87, *Cost Principles for State, Local and Indian Tribal Governments*, and A-102, *Grants and Cooperative Agreements With State and Local Governments*; and with the Office of Justice Programs (OJP's) Financial Guide.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and recommendations as stated in the audit report with some exception. It should be noted however, the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's policy and procedure manual regarding accounting or any other facet of law enforcement. On July 1, 2004, the Tangipahoa Parish Sheriff's Office employed an individual whose duty is to complete a Policy and Procedure Manual according to the standards of the Commission on Accreditation for Law Enforcement Agencies. The requirements of the Commission address all facets of Law Enforcement including accounting.

Anticipated Completion Date: June 30, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

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2004-FI/C3 – Lack of Adequate Inventory of Fixed Assets Acquired with Federal Grant Funds

Description of Finding: During our audit and testing of Federal grant fund expenditures, we noted that Tangipahoa Parish Sheriff's Office did not maintain an adequate inventory of fixed assets (furniture, equipment, vehicles, etc.) acquired with Federal grants funds. An adequate inventory record of fixed assets purchased with Federal grants is essential to provide proper control over fixed assets purchased with Federal grant funds, to identify the source of funding for the property and the percentage of Federal and local participation in the cost of the property, and to comply with the specific requirements of Federal grant programs. This condition was caused because the accounting procedures regarding fixed assets acquired with Federal funds were inadequate and the procedures were not revised by the prior Chief Civil Deputy as recommended by the prior auditor.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office develop a complete inventory of fixed assets acquired with Federal grant funds that is separate and distinct from the regular property control. Each grant program manager should maintain in the permanent grant files a complete inventory for their particular grant program and identify all significant information related to the asset including date acquired, description, cost, source of funding, grant program, make, model and serial number, warranty information, identification sticker, condition, location, custodian, date sold, sale price and any other information necessary to provide a complete and accurate record of the assets acquired with Federal grant funds. Furthermore, we recommend a physical inventory be taken on a quarterly basis to reconcile actual assets to the inventory records in the grant binders with any discrepancies resolved on a timely basis.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations as stated in the audit report. It should be noted however, that the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices regarding fixed assets with respect to those purchased with Federal Grant Funds. As stated in 2004 – I/C16, Fixed Asset software will be installed and managed by one employee. The inventory tag on the fixed assets purchased with federal grant funds will be different than those purchased through the Sheriff's General Fund. The Grant Specialist and the person managing the Fixed Asset's office wide will maintain a listing of those items. The Chief Civil Deputy will perform "spot checks" to assure that the equipment purchased with the grant funds are being used properly.

Anticipated Completion Date: The anticipation completion date for the corrective action plan is the next audit period.

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

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2004-F1/C4 – Lack of Policy Regarding Code of Conduct For Employees

Description of Finding: During our audit and testing of Federal grant fund expenditures, we noted that Tangipahoa Parish Sheriff's Office did not maintain a comprehensive, written code of conduct, conflicts-of-interest policy, and fraud policy required to be signed by employees. We believe a comprehensive, written code of conduct, conflicts-of-interest policy and fraud policy required to be signed by all employees is essential to provide the proper internal control environment in which employees know that inappropriate behavior and overriding of established procedures will not be tolerated, to make employees aware of expected standards of ethical and moral behavior, and to make employees aware of other policies regarding acceptable practices. This condition was caused because the accounting procedures regarding the receipt and disbursement of Federal funds were inadequate and the procedures were not revised by the prior Chief Civil Deputy as recommended by the prior auditor and management override of existing controls by the prior Chief Civil Deputy.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office develop a comprehensive, written code of professional conduct policy, conflicts-of-interest policy and fraud policy to be distributed to and signed by all employees to notify employees that inappropriate behavior and overriding of established procedures will not be tolerated, to make employees aware of expected standards of ethical and moral behavior, and to make employees aware of other policies regarding acceptable practices.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations stated in the audit report. It should be noted however, the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices regarding a Code of Conduct. Reference is made to 2004-F1/C2, in that the Tangipahoa Parish Sheriff's Office is in the production stages to complete and issue to all employees a manual. The manual will include all standards of the Commission on Accreditation for Law Enforcement Agencies (CALEA).

Anticipated Completion Date: June 30, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

Section III – Management Letter

2004-M1 – Incorrect Reimbursement Request Submitted to 21st Judicial District Court

Description of Finding: During our audit and testing of payroll, we noted an error in the billings submitted by the Tangipahoa Parish Sheriff's Office to the Criminal Court Fund of the Twenty-First Judicial District Court for reimbursement of costs associated with several employees of the sheriff's office who work as secretaries for the court. The reimbursement submitted by the sheriff's office computed the retirement system's employer contribution using an incorrect rate. As a result, the

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Tangipahoa Parish Sheriff's Office is due an additional reimbursement from the Criminal Court Fund Twenty-First Judicial District Court for the fiscal year ended June 30, 2004, totaling \$3,897.73. Improvement is needed in this area to make sure that the correct reimbursement of employee expense is submitted to the Twenty-First Judicial District Court. The cause of this condition was the failure of the part of the payroll clerk to increase the employer contribution rate on the request for reimbursement form submitted to the court when the rate increase in January 2004, that was not caught by the prior Chief Civil Deputy. As a result, the reimbursement requests submitted by the Tangipahoa Parish Sheriff's Office to the Criminal Court Fund of the court since January 2004, were wrong resulting in a loss of additional revenue totaling \$3,897.73.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office immediately revise its calculation of the request for reimbursement due from the Criminal Court Fund of the Twenty-First Judicial District Court to reflect the correct retirement system employer contribution rate. We further recommend the sheriff's office submit a corrected request for reimbursement in the amount of \$3,897.73 to the Criminal Court System of the Twenty-First Judicial District Court for the additional cost not reimbursed. As an additional safeguard, we recommend the Chief Civil Deputy review all requests for reimbursements submitted to the court and all other agencies to make sure that all of the calculations including gross pay, retirement contributions, health insurance contributions and other employer provided benefits are correct.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations as stated in the audit report. It should be noted however, the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices with in regard to the matter. The Tangipahoa Parish Sheriff's Office will contact the Judicial Administrator of the 21st Judicial District Court. The Judicial Administrator will be apprised of all the necessary increases in benefit cost of the Judge's secretaries. The Judicial Administrator will assist the Judge's in assuring that all cost associated with the salary of the Judge's Secretary's are included in the Order issued to the Sheriff. The Tangipahoa Parish Sheriff's Office will contact the Judicial Administrator in regard to the reimbursement and seek a Court Order from the Chief Judge of the 21st Judicial Court. The reimbursement would be made on the first disbursement of Criminal Court Funds after December 31, 2004.

Anticipated Completion Date: January 10, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-M2 – Improper Loan Origination Fee Charged By Bond Holder

Description of Finding: During our audit and testing of the proceeds of the \$535,000 Refunding Bonds, Series 2003, issued on December 5, 2003, we noted that AmSouth Bank, the holder of the bonds, charged an origination fee in the amount of \$2,000.00 in connection with the purchase of the refunding bonds. The bid submitted by the bank for the purchase of the bonds that was ultimately accepted by the

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sheriff's office made no reference to an origination fee being charged. An origination fee increases the effectively interest rate paid on the bonds which exceeds the interest rate bid by the bank. In our opinion, the origination fee charged by the bank is not allowable and should be refunded to the sheriff's office. Improvement is needed in this area to make sure that the sheriff's office is refunded for any fees charged by the bank that are not allowable. This condition was caused because the prior Chief Civil Deputy failed to perform a proper reconciliation of the bond proceeds to insure that all fees charged in connection with the issuance of these refunding bonds were allowable. As a result, the sheriff's office paid a fee in connection with the issuance of these refunding bonds that was not allowable and this was not discovered in a timely manner by sheriff's office personnel.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office immediately request a reimbursement from AmSouth Bank for the loan origination fee charged along with accrued interest from the date paid until the date received. We further recommend that the Chief Civil Deputy perform a reconciliation of all bond proceeds to insure that all fees charged in connection with the issuance of bonds are allowable.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations as stated in the audit report with exception. It should be noted however, the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices regarding fees charged in securing bonds. The Tangipahoa Parish Sheriff's Office will secure all information proper before they disburse any fees in regard to bonds. The Tangipahoa Parish Sheriff's Office will include in the Fiscal Agent Bid the specification as recommended by the auditor that origination fees in connection to securing said bonds are not allowable.

The Tangipahoa Parish Sheriff's Office will seek reimbursement of the \$2,000.00 through proper channels.

Anticipated Completion Date: January 31, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-M3 – Improvement of Internal Controls in the Criminal Division

Description of Finding: During our audit and testing of the criminal division and interviews with representatives of the District Attorney's office, we noted instances in which the District Attorney's office was not always forwarded the appropriate paperwork from the parish jail for processing. In our opinion, improvement is needed in this area to make sure that better coordination is maintained between the parish jail and the District Attorney's office for processing charges on inmates to make sure the files are complete and charges are processed on a timely basis. This condition was caused because jail personnel did not always forward the necessary paperwork on inmates to the District Attorneys office on a timely basis. As a result, the processing of charges on inmates by the District Attorney's office was

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delayed until the necessary paperwork was received. Furthermore, the possibility exists for inmates to be released without the necessary charges being filed and processed by the District Attorney's office.

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office jail personnel send to the District Attorney's office the following reports on a daily basis:

- Daily booking log
- Daily cash bond receipt log
- Charge file on each inmate
- Release on Own Recognizant (ROR) form

The District Attorney's office should compare the charge files received to the daily booking log to insure that charges files were received on all inmates booked into the jail on a timely basis.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations as stated in the audit report with exceptions. It should be noted however, the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices regarding the flow of information with regard to booking and release of perpetrators. The Tangipahoa Parish Sheriff's Office recognizes the problem as one that is prevalent throughout the Sheriff's Office. As soon as the Tangipahoa Parish Sheriff's Office financial status improves, new software will be installed to generate reports that will inform all agencies involved the necessary status of a perpetrator. As a more immediate, partial remedy to the problem, the Tangipahoa Parish Sheriff's Office will contact the present software support person to inquire about the production of stated reports.

Anticipated Completion Date: January 31, 2005

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

2004-M4 – Improvement of Accounting Software for "Taxes-Other" Account

Description of Finding: During our audit and testing of the "Other Taxes and Licenses" account of the Tax Collector Agency Fund, we noted that the Tangipahoa Parish Sheriff's Office uses an outdated software program that is no longer supported by the vendor to account for the receipt and disbursement of prior year taxes and licenses. This condition was noted in prior years as finding number 95-M1. The prior auditor's recommendations regarding software programming changes necessary had not been made. In our opinion, improvement is needed in this area to make sure that the receipt and disbursement of prior year taxes and licenses is adequately accounted for. This condition was caused because personnel in the Tax Collectors office did not implement changes in the software used for the Other Taxes and Licenses account as recommended by the prior auditor.

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**Corrective Action Plan for Current Year Audit Findings
For The Year Ended June 30, 2004**

Recommendation: We recommend the Tangipahoa Parish Sheriff's Office tax collector personnel implement a new software program to account for the receipt and disbursement of prior year taxes and licenses and not use the outdated ATB software that is no longer supported by the software vendor.

Corrective Action Planned (Response by Management): In management's corrective action plan dated December 14, 2004, management indicated that the Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendations as stated in the audit report. It should be noted however, the present administration began the term on July 1, 2004, and had no control or knowledge of the prior administration's practices regarding updating computer technology. The Tangipahoa Parish Sheriff's Office realizes that a more modern technology is needed in all areas of Tax Collections. It would not be prudent to change any system or software during a major collection season. The Tangipahoa Parish Sheriff's Office does have plans to meet with parent heads of Taxing Districts to discuss update the hardware and software collection packages. The Tangipahoa Parish Sheriff's Office will advise these Taxing Districts that cost sharing will be a necessary part of obtaining the objective of a more efficient method of collecting taxes.

Anticipated Completion Date: The anticipated completion date of the corrective action plan is unknown. The corrective action plan may be partially completed by the next audit period. The date of the completed action plan will depend on the agencies involved response.

Contact Person: Burton J. Ory, Chief Civil Deputy, Tangipahoa Parish Sheriff's Office, (985) 748-8147

Schedule of Findings and Questioned Costs

**Tangipahoa Parish Sheriff
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**Schedule of Findings and Questioned Costs
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Type of Report Issued on the Financial Statements.

A qualified opinion was issued on the financial statements for the Tangipahoa Parish Sheriff's Office.

Disclosure of Reportable Conditions in Internal Control.

Reportable Conditions were disclosed within the *Summary Schedule of Prior Year Audit Findings* as Reference Numbers 2001-C4, 2003-C1 and 2003-F2, and within the *Corrective Action Plan for Current Year Audit Findings* as Reference Numbers 2004-I/C1 through 2004-I/C19. We consider Reference Numbers 2004-I/C1, 2004-I/C2, 2004-I/C3, 2004-I/C4, 2004-I/C6, 2004-I/C10 and 2004-I/C16 to be material weaknesses as required to be reported in accordance with *Government Auditing Standards*.

Disclosure of Noncompliance Material to the Financial Statements.

The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying *Summary Schedule of Prior Year Audit Findings* as Reference Numbers 2002-C2, 2002-C4 and 2003-C2 and within the *Corrective Action Plan for Current Year Audit Findings* as Reference Numbers 2004-C1 through 2004-C12. We consider all findings to be material to the financial statements.

Disclosure of Reportable Conditions in Internal Control Over Major Programs.

Reportable Conditions for Major Programs were disclosed as Reference Number 2004-FI/C1 through 2004-FI/C4 in the *Corrective Action Plan for Current Year Audit Findings* for the Tangipahoa Parish Sheriff's Office, for the fiscal year ended June 30, 2004. These conditions reported were each considered to be a material weakness.

Type of Report Issued for Major Programs.

Unqualified.

Disclosure of Audit Findings Required to be Reported Under S__510 Audit Findings.

Findings to be reported under S__510 Audit Findings, include Reference Numbers 2004-FC1 through 2004-FC3 as disclosed in the *Corrective Action Plan for Current Year Audit Findings*, and in this *Schedule of Findings and Questioned Costs* in Section XI below.

Identification of Major Programs.

The Major Programs identified for the Tangipahoa Parish Sheriff's Office, for the fiscal year ended June 30, 2004, was the U.S. Department of Justice Public Safety Partnership and Community Policy Grants (COPS), CFDA #16.710, the Multi-Jurisdictional Drug Task Force Grants, CFDA 16.579.

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Dollar Threshold to Distinguish Between Type "A" and Type "B" Programs.

Expenditures of \$300,000.

Statement as to Whether the Auditee Qualified as Low-Risk Auditee Under S__530.

No. The Tangipahoa Parish Sheriff's Office did not qualify as a low-risk auditee under the provisions of S__530.

Findings Which Must be Reported in Accordance With GAGAS.

Findings were disclosed within the *Summary Schedule of Prior Year Audit Findings* as Reference Numbers 2001-C4, 2003-C1, 2003-F2, 2002-C2, 2002-C4 and 2003-C2 and within the *Corrective Action Plan for Current Year Audit Findings* as Reference Numbers 2004-I/C1 through 2004-I/C19 and 2004-C1 through 2004-C12.

Findings and Questioned Costs for Federal Awards.

Findings involving the U.S. Department of Justice Public Safety Partnership and Community Policy Grants (COPS), included within CFDA #16.710 and the Multi-Jurisdictional Drug Task Force Grants, included within CFDA 16.579, as reported within the *Corrective Action Plan for Current Year Audit Findings* as Reference Numbers 2004-FC1 through 2004-FC3, with the findings summarized below:

Finding: 2004-FC1	<u>Questioned Costs</u> \$11,393.11
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U.S. Department of Justice Public Safety Partnership and Community Policing Grants (COPS), included within CFDA No. 16.710

COPS in Schools Grant #2002SHWX0383

Condition and Criteria: The conditions of the grant award require that quarterly Financial Status Reports be filed within forty-five days after the end of the each quarter during the duration of the grant. Of the four quarterly Financial Status Reports required to be filed for the grant for the period July 1, 2003 through June 30, 2004, we noted the report for the quarter ended September 30, 2003, was filed late and the report required for the quarter ended March 31, 2004, was not filed at all resulting in grant funds being withheld until the report was filed on July 19, 2004.

Condition and Criteria: The conditions of the grant award require that the quarterly Financial Status Reports submitted to request reimbursement of grant

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expenditures match the actual expenditures incurred. Of the four quarterly Financial Status Reports filed requesting reimbursement of grant expenditures, none of the reports matched the actual expenditures incurred and chargeable to the grant as evidenced by the underlying accounting records.

Condition and Criteria: The conditions of the grant award require that any salary charged to the grant not exceed the maximum allowable for "entry-level" officer positions. Of the ten employee salaries charged to the grant, we noted the salary of three employees were charged to the grant at an amount in excess of the maximum for "entry-level" officer positions as approved in the original grant award resulting in a questioned costs in the amount of \$11,393.11.

Condition and Criteria: The conditions of the grant award require that unless authorized in writing by the COPS Office, grant funds may not be applied to the salary or benefits of an officer hired by a grantee prior to the grant award date. Of the ten employee salaries charged to the grant, we noted that eight employees were hired prior to the grant award start date. The grant files contained no evidence that written authorization had been obtain from the COPS Office to charge these employees hired before the grant award date to the grant as required.

Condition and Criteria: The conditions of the grant award require that an Immigration and Naturalization Eligibility Verification Form (I-9) be completed on all employees and kept on file. Of the ten employees charged to the grant, none had copies of Form I-9 on file for us to review.

Condition and Criteria: The conditions of the grant award require that seventy-five percent of the time of the officers deployed to work in the schools must be spent in and around schools working on youth related activities. The current time sheets used by sheriff's office to document the hours worked by employees are inadequate to properly document compliance with this grant condition. Of a sample of thirty-six individual payroll checks selected for testing, we noted three instances in which time sheets could not be found, none of the time sheets found were approved by a representative of the school the officer was assigned to documenting the time actually spent at the school and none of the time sheets had sufficient detail regarding hours worked for us to determine that at least seventy-five percent of an officers time for the period July 1, 2003 through June 30, 2004, that was charged to the grant was actually spent in the school the officer was assigned to.

Condition and Criteria: The conditions of the grant award require that the officers hired under the COPS in Schools grant brings the sworn force strength to a number over and above the number of officer positions that were budgeted (funded) by local sources as of the date of the COPS in Schools application. The number of sworn officer positions that was submitted with the COPS in Schools

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application in the Retention Plan Certification contained 304 total officer position, 267 full-time officers and 37 part-time officers. Due to budget cuts required to eliminate an outstanding budget deficit resulting in employee layoffs, our testing revealed that the total number of employees decreased to 231 or 73 less than the required minimum as contained in the Retention Plan Certification. There is no evidence in the files that approval was obtained in writing from the COPS Office for this reduction in minimum force levels as required by the grant award. Furthermore, four out of a total of seven school resource officer positions remained unfilled for four months or longer.

Condition and Criteria: The conditions of the grant award require that for each grant recipient that receives a single award for \$500,000 or more, and has 50 or more employees that a comprehensive Equal Employment Opportunity Plan (EEOP) be submitted. The COPS in Schools grant award totaled \$561,016 and the Tangipahoa Parish Sheriff's Office has in excess of 50 employees. There is no evidence in the grant files that a comprehensive Equal Employment Opportunity Plan (EEOP) was completed and submitted for approval within sixty days of the grant award date as required.

Effect: The specific requirements of the COPS in Schools Grant noted in the condition and criteria above were not complied with.

Cause: Inadequate accounting procedures and related documentation for expenditures charged to the grant, lack of proper monitoring of grant program by the program manager and failure to supervise the work of program managers by the overall grant administrator.

Auditor's Recommendation: Immediately contact COPS Office regarding audit findings and request waivers in writing for the minimum workforce requirement and the date of hire requirement, modify the chart of accounts to properly separate Federal grant expenditures from non-grant expenditures, modify time sheet to properly document time spent in schools from other time, implement a comprehensive Equal Employment Opportunity Plan (EEOP) and review grant requirements regarding required reporting.

Grantee Response: In management's corrective action plan dated December 14, 2004, management indicated that The Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendation as stated in the audit report. It should be noted however that the present administration began the term on July 1, 2004 and had no control or knowledge of the prior administration's practices with regard to provisions of the COPS in Schools Grant.

On July 1, 2004, the Tangipahoa Parish Sheriff's Office created a Grant Department staffed by two experienced grant administrators. The Grant

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Department will file Financial Status Reports within forty-five days after the end of the quarter during the duration of the grant. The Grant Department has reviewed and completed all delinquent Financial Status Reports. The Grant Department will on a continuing basis review all Financial Status Reports and submit revisions as needed.

The Department's Accounting Department will provide accounting records supporting actual expenditures based on employee's actual that will be report on Financial Status Reports. New Policy and procedures in the current administration requires a free flow of information concerning all grant expenditures between accounting personnel and grant function. The Grant Department maintains a copy of grant financial records with each grant.

The Grant Department will submit revised Financial Status Reports indicating the maximum allowable for 'entry-level" officer position in the amount of \$32,018.00 first year, 32,913.00 second year and 33,456 third year.

The current time and attendance sheets will be modified to make sure that time sheets, properly approved by school personnel, adequately document the time spent at school to satisfy the seventy-five percent in school requirements. The COPS in Schools Officers will devote at least seventy-five percent of their time working youth related activities in the Tangipahoa Parish School District.

Form I-9, "Immigration and Naturalization Eligibility Verification will be completed and on file for review as required.

The Department will submit a request to revise the Retention Plan Certification to reflect this administrations sworn strength to 248 full-time and 9 part-time employees. This number does not include the 8 COPS in School Officers.

The Department will implement a comprehensive Equal Employment Opportunity Plan (EEOP) and submit it to the Office of Justice Programs, Office of Civil Rights as required.

Finding: 2004-FC2

None

U.S. Department of Justice Public Safety Partnership and Community Policing Grants (COPS), included within CFDA No. 16.710

COPS Methamphetamine Grants #2002CKWX0356 and #2003CKWX0066

Condition and Criteria: The conditions of the grant award require that quarterly Financial Status Reports be filed within forty-five days after the end of the each quarter during the duration of the grant. Of the eight quarterly Financial Status

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Reports required to be filed for the two grants for the period July 1, 2003 through June 30, 2004, we noted six instances in which the required report was filed late.

Condition and Criteria: The conditions of the grant award require that the quarterly Financial Status Reports submitted to request reimbursement for grant expenditures match the actual expenditures incurred. Of the eight quarterly Financial Status Reports filed requesting reimbursement of grant expenditures, none of the reports matched the actual expenditures incurred and chargeable to the grant as evidenced by the underlying accounting records. Furthermore, of the twenty-five expenditures selected for testing, we noted one instance in which we felt the expenditure was not reasonable, five instances in which the expenditure was not properly approved as evidenced by a signed purchase order or other evidence of approval and five instances in which we could not locate the cancelled check for the expenditure.

Condition and Criteria: The conditions of the grant award require that salary payments be based on payroll records and time and attendance records or the equivalent must support payroll records. Of the four payroll checks paid for the salary of support personnel, we noted two instances in which the time sheet was not signed by the employees' supervisor evidencing his approval for the time worked. Furthermore, of the thirty individual payroll checks issued for overtime charged to the grant, none of the overtime checks contained the approval of the employees supervisor on the time sheet. None of the overtime time sheets contained the case number to allow us to cross-reference the overtime paid to the actual Methamphetamine cases worked during the year. We also noted several instances in which community resource officers were paid overtime that was charged to the grant for time worked during their normal shift that was included in their normal salary from the sheriff's office.

Condition and Criteria: The conditions of the grant award require that the officers hired under the COPS in Schools grant brings the sworn force strength to a number over and above the number of officer positions that were budgeted (funded) by local sources as of the date of the COPS in Schools application. The number of sworn officer positions that was submitted with the COPS in Schools application in Retention Plan Certification contained 304 total officer position, 267 full-time officers and 37 part-time officers. Due to budget cuts required to eliminate an outstanding budget deficit resulting in employee layoffs, our testing revealed that the total number of employees decreased to 231 or 73 less than the required minimum as contained in the Retention Plan Certification. There is no evidence in the files that approval was obtained in writing from the COPS Office for this reduction in minimum force levels as required by the grant award.

Effect: The specific requirements of the COPS Methamphetamine Grants noted in the condition and criteria above were not complied with.

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Cause: Inadequate accounting procedures and related documentation for expenditures charged to the grant, lack of adequate controls and monitoring of overtime by employees, lack of proper monitoring of grant program by the program manager and failure to supervise the work of program managers by the overall grant administrator.

Auditor's Recommendation: Immediately contact COPS Office regarding audit findings and request a waivers in writing for the minimum workforce requirement, modify the chart of accounts to properly separate Federal grant expenditures from non-grant expenditures and track all overtime pay charged to the grant, modify time sheets to properly document time spent on each case and require supervisors to sign all time sheets, and review grant requirements regarding required reporting.

Grantee Response: In management's corrective action plan dated December 14, 2004, management indicated that The Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendation as stated in the audit report. It should the noted however that the present administration began the term on July 1, 2004 and had no control or knowledge of the prior administration's practices with regard to provisions of the COPS Methamphetamine Grants.

The Tangipahoa Parish Sheriff's Office has established grants office, staffed with two experienced grant administrators. The Grant Office will adhere to all Office of Justice Programs Financial Guides, and submit within forty-five days Financial Status Report each calendar year until the duration of the program. The Grants Department has reviewed and completed all delinquent Financial Status Reports.

The Grant Department has contacted the U.S. Department COPS Office and notified them of the audit findings and the procedures for requesting a waiver for the minimum workforce requirement. The Department will request a waiver to reduce the minimum workforce to 258 sworn full-time officers and nine part-time officers.

The Department Methamphetamine Initiative does not fund full-time employee salaries. The program only funds salary in overtime worked. Employees working overtime on grants must receive prior approval from their supervisor. A form has been provided for the Methamphetamine Initiative overtime worked by investigators and support personnel. The form has the name of employee working overtime, date of overtime, department investigative item number, time of employee's regular duty assignment, number of overtime hours and the time the overtime was worked. The overtime form will be dated and signed by the employee and approved by his/her supervisor. Accounting will verify the overtime worked and assign the overtime to the grant for reimbursement.

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**Schedule of Findings and Questioned Costs
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Finding: 2004-FC3

\$8,294.65

U.S. Department of Treasury, Passed Through the Louisiana Commission on Law Enforcement, Multi-Jurisdictional Drug Task Force, included within CFDA No. 16.579

Multi-Jurisdictional Drug Task Force Grant #B01-5-00316.579

Condition and Criteria: The conditions of the grant award require that monthly expenditure reports submitted to request reimbursement for grant expenditures match the actual expenditures incurred and be submitted within fifteen days of the end of the month. Of the five monthly expenditures selected for testing, two reports were filed late and one report was not filed at all resulting in the withholding of grant funds in the amount of \$28,551. Furthermore, during our testing of salaries charged to the grant we noted that the total salary expenditures charged to the grant exceeded the actual salary expenditures paid to employees by \$11,059.54. This condition occurred because employees were paid at rates that were less than the rates approved in the grant award yet the sheriff's office requested reimbursement for the full amount contained in the grant award. No attempt was made to reconcile the actual payroll costs incurred to the approved payroll in the grant award. Because the Federal fund portion of this grant is seventy-five percent, this condition resulted in questioned costs totaling \$8,294.65.

Condition and Criteria: The conditions of the grant award require that all currency advanced to agents for "buy money" be properly accounted for using expense sheets and voucher signed by the deputy and supervisor authorizing the disbursement. Of the thirty transactions selected for testing, we note one instance totaling \$700.00 in which the voucher for investigative expenditures was not signed by the supervisor in charge of the Tri-Parish program documenting his authorization for the cash advance to the deputy.

Effect: The specific requirements of the Multi-Jurisdictional Drug Task Force Grant noted in the condition and criteria above were not complied with.

Cause: Inadequate accounting procedures and related documentation for expenditures charged to the grant, lack of proper monitoring of grant program by the program manager and failure to supervise the work of program managers by the overall grant administrator.

Auditor's Recommendation: Modify the chart of accounts to properly separate Federal grant expenditures from non-grant expenditures, modify time sheets to properly document time spent on the grant and require supervisors to sign all time sheets, reconcile the monthly expenditure reports to the actual expenditures for the period and have a supervisor review and approve the monthly expenditure report

**Tangipahoa Parish Sheriff
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before submission to grantor agencies, review grant requirements regarding required reporting and perform a quarterly internal audit of grant files to ensure that all files are complete, accurate and contain proper approval signatures as required.

Grantee Response: In management's corrective action plan dated December 14, 2004, management indicated that The Tangipahoa Parish Sheriff's Office does agree with the finding and the recommendation as stated in the audit report. It should be noted however that the present administration began the term on July 1, 2004 and had no control or knowledge of the prior administration's practices with regard to provisions of the COPS in Schools Grant.

The Department will modify the existing chart of accounts and payroll posting to separate Federal grant fund expenditures from non-federal expenditures and classify all time charged to the Multi-Jurisdictional Drug Task Force for tracking as required by the grant by segregating each grant by including a separate expenditure category for each grant.

Financial Status Reports are submitted on a quarterly basis to the Louisiana Commission on Law Enforcement. The Chief Civil Deputy approved the Financial Status Report prior to being submitted.

The Grant Department reviews all files of their accuracy and completeness and see that they contain the necessary signatures before they are submitted to the grantor agencies or accounting.

**Independent Auditor's Report on Compliance with
Requirements Applicable to Each Major Program and
Internal Control over Compliance in Accordance with
OMB Circular A-133**

Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA

John N. Durnin, CPA
Dennis E. James, CPA

Member
American Institute of CPA's
Society of Louisiana CPA's

November 18, 2004

Independent Auditor's Report on Compliance with
Requirements Applicable to Each Major Program and
Internal Control over Compliance in Accordance with OMB Circular A-133

The Honorable Sheriff, Daniel Edwards
Parish of Tangipahoa
Amite, Louisiana

Compliance

We have audited the compliance of the Tangipahoa Parish Sheriff, a component unit of the Tangipahoa Parish Council, Amite, Louisiana, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The Tangipahoa Parish Sheriff's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the *Tangipahoa Parish Sheriff's management*. Our responsibility is to express an opinion on the Tangipahoa Parish Sheriff's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Tangipahoa Parish Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Tangipahoa Parish Sheriff's compliance with those requirements.

In our opinion, the Tangipahoa Parish Sheriff complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying *Corrective Action Plan for Current Year Audit Findings* as Reference Number 2004-FC1 through 2004-FC4.

The Honorable Daniel Edwards, Sheriff
Tangipahoa Parish Sheriff's Office

Internal Control over Compliance

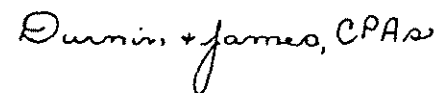
The management of the Tangipahoa Parish Sheriff is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Tangipahoa Parish Sheriff's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance that we considered to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our opinion, could adversely affect the Tangipahoa Parish Sheriff's ability to administer a major federal program in accordance with the applicable requirement of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying *Corrective Action Plan for Current Year Audit Findings* as Reference Number 2004-FI/C1 through 2004-FI/C4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. However, of the reportable conditions described above, we consider Reference Number 2004-FI/C1 and 2004-FI/C3 to be a material weakness.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Durnin & James, CPAs
(A Professional Corporation)