

2279

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Town of Lake Providence
Lake Providence, Louisiana

February 4, 1998



Audit Resolution Report

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

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LEGISLATIVE AUDITOR

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

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TOWN OF LAKE PROVIDENCE
Lake Providence, Louisiana

Audit Resolution Report
Dated December 10, 1997

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

February 4, 1998

TOWN OF LAKE PROVIDENCE
Lake Providence, Louisiana

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OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

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December 10, 1997

HONORABLE RONALD C. BEAN, CHAIRMAN,
AND MEMBERS OF THE LEGISLATIVE
AUDIT ADVISORY COUNCIL
Baton Rouge, Louisiana

Transmitted herewith is our report on the examination of the Town of Lake Providence (town). Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine whether the town has taken appropriate action in response to findings cited in the report and management letter dated December 23, 1996, issued by Albritton & Loe, Certified Public Accountants.

The accompanying report includes unresolved audit findings. We will continue to monitor those audit findings until management resolves the findings.

Copies of this report have been delivered to the mayor and aldermen of the Town of Lake Providence and other authorities as required by state law.

Respectfully submitted,

A handwritten signature in cursive script that reads "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

DGK:GLM:dl

[LAKEPROV]

LEGISLATIVE AUDITOR

TOWN OF LAKE PROVIDENCE
Lake Providence, Louisiana

BACKGROUND AND METHODOLOGY

Albritton & Loe, Certified Public Accountants, issued an audit report and accompanying management letter dated December 23, 1996, on the financial statements of the Town of Lake Providence (town) for the year ended June 30, 1996. The audit report and management letter included internal control deficiencies and violations of state laws and regulations.

We visited the town to determine whether appropriate action was taken to correct the matters included in the report and management letter. Our procedures consisted of the following: (1) examining selected town records; (2) interviewing certain employees of the town; (3) reviewing applicable Louisiana laws, Louisiana Board of Ethics' rulings, and Attorney General opinions; and (4) making inquiries to the extent we considered necessary to achieve our purpose.

LEGISLATIVE AUDITOR

TOWN OF LAKE PROVIDENCE

Lake Providence, Louisiana

CONCLUSIONS

Based on the results of the procedures performed during our visit to the town, we conclude that management of the town has taken the following steps to resolve two of the findings contained in the Albritton & Loe report and accompanying management letter, dated December 23, 1996:

1. Traffic and other police department fines are collected at the town hall by the town's cashier or assistant cashier. Police officers no longer collect money for fines and fines are no longer collected at the police department.
2. As fines are now collected at the town hall, the town clerk monitors the unpaid fines on a monthly basis. Efforts are made to contact the offender when fines are not paid and, if this is unsuccessful, the mayor issues arrest warrants or requires the offender to render community service.

Management of the town did not address the following findings included in the Albritton & Loe report and accompanying management letter, dated December 23, 1996:

1. Detailed fixed asset records are not adequate.
2. Employees are paid simultaneously vacation and regular pay.

As we evaluated the findings contained in the Albritton & Loe report and management letter, the following matters came to our attention:

1. All proceeds of the one percent sales tax were not expended for the intended purpose of the sales tax.
2. Controls and procedures over receipts and disbursements need to be improved.
3. The town should obtain quotes for large purchases.
4. The town's annual budget was not adopted timely.
5. Monthly financial statements should be presented to the board and used to monitor the town's fiscal operations and budget.
6. Controls over traffic tickets need to be improved.

LEGISLATIVE AUDITOR

TOWN OF LAKE PROVIDENCE Lake Providence, Louisiana Conclusions (Concluded)

7. Controls over confiscated weapons and drugs need to be improved.
8. Controls over utility accounts and meter deposits need to be improved.
9. The town's gasoline pump records need to be reviewed periodically.
10. The town is paying for gasoline used in personal vehicles without documentation indicating that the vehicles were used for town purposes.

The Findings and Recommendations section of this report provides details for our conclusions for the findings not addressed by management of the town and the additional matters that came to our attention during our follow-up review.

TOWN OF LAKE PROVIDENCE
Lake Providence, Louisiana

FINDINGS AND RECOMMENDATIONS

**Fixed Asset Records and Procedures
Need Improvement**

Detailed fixed asset records are not current, all assets are not tagged, and physical inventories of fixed assets are not conducted. Good internal controls over fixed assets require that (1) detailed fixed asset records be current; (2) every asset include a tag identifying it with a number that can be cross-referenced to the detailed fixed asset records; and (3) a physical inventory be conducted at least on an annual basis.

Lack of adequate fixed asset records has been included as an audit finding since the June 30, 1993, audit. The town clerk informed us that after the June 30, 1995, audit, a physical inventory of fixed assets was started by compiling fixed asset records and tagging assets. A date for completing the inventory has not been established by the town nor is it able to provide the current status of the project.

The town should (1) adopt a written policy to define assets that will be inventoried, including the minimum value for inclusion on the list of fixed assets; (2) take a physical inventory at least annually, and follow-up on items not found during the physical inventory; and (3) identify (tag) assets that belong to the town and include the tag number on the listing of fixed assets.

**Employees Should Not Be Paid
In Lieu of Taking Vacation**

Two employees were simultaneously paid vacation and regular pay. The Louisiana Attorney General has addressed this issue in his Opinion No. 95-233. He states that a public employer may only compensate an employee for unused vacation time if, due to the exigencies of his employment, the employee is unable to take a vacation. There was no documentation available to show that the two employees could not take their vacation leave because of the urgency of their jobs. These employees were each paid for 80 hours for their regular salary and 80 hours for vacation time on October 10, 1997.

Simultaneously paying employees vacation and regular pay has been included as an audit finding since the June 30, 1994, audit. The mayor said that because of the limited personnel in each department, it is critical for the town that key employees are available.

The town should cease paying employees for unused vacation time, unless valid circumstances that prevent the employee from taking his vacation are documented.

LEGISLATIVE AUDITOR

TOWN OF LAKE PROVIDENCE
Lake Providence, Louisiana
Findings and Recommendations (Continued)

Need to Comply With Sales Tax Restrictions

The town violated its sales tax restrictions by transferring monies from the Sales Tax Fund to the town's General Fund (via the Utility Fund) for the fiscal year ending June 30, 1996. The town's one percent sales tax is restricted for operating and maintaining the town's sewers and sewerage disposal facilities and its waterworks facilities and improvements. For the year ended June 30, 1996, the Utility Fund had income before operating transfers of \$102,105. For that same period, \$264,000 was transferred to the Utility Fund from the proceeds of the one percent sales tax and \$600,000 was transferred from the Utility Fund to the town's General Fund. The net effect of these transfers results in \$161,895 (\$264,000 - \$102,105) transferred to the town's General Fund from the proceeds of the one percent sales tax, which violates the sales tax restrictions.

Our review of Sales Tax Fund disbursements from July 1997 through November 1997 revealed one transfer made in September 1997 to the Utility Fund totaling \$45,000. Based on amounts budgeted for fiscal year June 30, 1998, the \$45,000 transfer does not exceed the Utility Fund's income before operating transfers.

Transfers totaling \$156,000 from the Sales Tax Fund to the Utility Fund are included in the fiscal year June 30, 1998, budget. However, management informed us that they do not intend to make transfers that exceed the Utility Fund's income before operating transfers.

Management of the town should not make transfers to the Utility Fund that exceed the Utility Fund's income before operating transfers and should refund to the Sales Tax Fund amounts that were transferred improperly in prior years.

**Need to Improve Controls Over
Receipts and Disbursements**

Controls over receipts and disbursements need to be improved. The control weaknesses are:

- Incoming checks are not restrictively endorsed upon receipt.
- Paid invoices are not canceled or marked "paid" to prevent duplicate payment.
- Three disbursements, totaling \$7,035, were made from vendor's statements rather than original invoices. Statements only include the amount due and do not provide sufficient detail of the specific goods or services received by the town.

LEGISLATIVE AUDITOR

TOWN OF LAKE PROVIDENCE

Lake Providence, Louisiana

Findings and Recommendations (Continued)

- Two disbursements, totaling \$1,429, did not document approval before payment.
- Employees are reimbursed for business travel, lodging, and meals without filing a formal expense report. One employee reimbursement, while including receipts, did not document the purpose and nature of the travel.
- Credit card charges (American Express) did not include documentation indicating the purpose of the charges.
- Supporting documentation for gasoline and other vehicle-related charges at a local service station did not always identify the vehicle (license number, vehicle number, or description of vehicle type--tractor, backhoe, etc.) and odometer readings were not included on the charge tickets.
- Bank statements and related canceled checks are not reviewed monthly by the finance committee.

Management of the town should require that (1) all checks be restrictively endorsed upon receipt; (2) all paid invoices be canceled or marked paid; (3) payment be made only from an original invoice; (4) invoices be approved before payment; (5) reimbursement for travel be made only upon completed travel reimbursement forms accompanied by supporting receipts; (6) the use of the credit card be discontinued; (7) gasoline receipts include odometer readings and the license number or vehicle number of the vehicle receiving gasoline; and (8) all bank statements be received unopened by the finance committee for review.

Need to Obtain Quotes for Large Purchases

The town did not obtain quotes for certain large purchases. Obtaining quotes when purchasing large items ensures that goods and services are obtained at the most favorable prices.

For the fiscal years ending June 30, 1997, and 1996, approximately \$28,000 and \$31,000, respectively, were disbursed for gasoline/diesel for the town's gasoline pump and diesel tank from one vendor. In addition, for the same period, approximately \$12,000 and \$9,000, respectively, were disbursed for chemicals from one vendor. The individual purchases ranged from approximately \$700 to \$4,000.

The town should seek quotes when large items are purchased to ensure that the most favorable prices are obtained. We suggest that these quotes be documented as part of the approval process before the purchase is made. In addition, the town should be aware of

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TOWN OF LAKE PROVIDENCE

Lake Providence, Louisiana

Findings and Recommendations (Continued)

Louisiana's bid law requirements when purchasing large items. Louisiana Revised Statute 38:2212 requires competitive bids for all purchases of materials and supplies exceeding \$15,000. In addition, the public bid law requires that purchases between \$7,500 and \$15,000 be made by obtaining at least three telephone or facsimile quotations.

Failure to Comply With Local Government Budget Act

The town's annual budget for the fiscal year ending June 30, 1998, was not adopted timely. Louisiana Revised Statute 39:1308 requires that all action necessary to adopt and finalize the budget be completed before the start of the fiscal year. As of December 10, 1997, the budget for the fiscal year ending June 30, 1998, was not adopted.

This is the third consecutive year the town has not complied with adopting its budget timely. The budgets for fiscal year ending June 30, 1997, and 1996, were adopted December 3, 1996, and July 20, 1995, respectively. These deficiencies, in addition to placing the town in noncompliance with Louisiana law, reduce the effectiveness of the town's budgetary controls over revenues and expenditures and restrict public participation in the budgetary process.

All action necessary to adopt and finalize the fiscal year 1998 budget should be completed immediately. All future town budgets should comply with the provisions of Louisiana law and be adopted before the start of the fiscal year.

Need for Monthly Financial Statements

Financial statements are not presented to the board monthly. Louisiana Revised Statute 33:425 requires the treasurer to keep accurate accounts of all receipts and disbursements and report the finances of the municipality in writing to the mayor and board of aldermen at each regular meeting.

The town clerk said that he prepares financial statements for the board quarterly. However, without monthly financial statements, the board cannot effectively exercise its responsibilities of managing the town's fiscal operations and monitoring the town's budget.

Financial statements that report the operations of the town compared to the budgeted amounts should be presented to the board monthly.

TOWN OF LAKE PROVIDENCE

Lake Providence, Louisiana

Findings and Recommendations (Continued)

Need to Improve Controls Over Traffic Tickets

Traffic ticket books issued to police officers are not reconciled with the issued citations returned by the officers. Good controls over traffic ticket books require that new books be issued to police officers only after the previously issued traffic ticket book has been accounted for and all issued citations have been received from the police officer. In addition, good controls require that records be maintained that accounts for the final disposition of all traffic tickets and that access to issued citations be limited to only authorized personnel.

The police department does not maintain records that account for the numerical sequence of citations that are issued and their final disposition. Therefore, we could not determine whether citations were issued, if tickets were lost or voided, or whether appropriate disposition of tickets were made. Also, the citations are kept on a counter-top in the police department to which all police employees have access.

The police department should (1) issue a police officer a traffic ticket book only after the previously issued traffic ticket book has been accounted for and all issued citations have been received from the police officer; (2) account for the numerical sequence of all traffic tickets and the final disposition of those traffic tickets; and (3) file the issued citations in a fire proof filing cabinet that is limited to authorized personnel.

**Need to Improve Controls Over
Confiscated Weapons and Drugs**

The town's police department does not have adequate controls over confiscated weapons and drugs. We found that:

- There are no formal policies and procedures for recording, maintaining, or disposing of confiscated weapons or drugs.
- The police department does not maintain inventory records of confiscated weapons or drugs. We observed a file cabinet where numerous handguns were stored. The handguns were each enclosed in an envelope with the description of the weapon, name of the individual from whom the weapon was confiscated, and date. We also observed several shotguns along the walls of the same room where the handguns were stored.

Because the police department did not maintain inventory records, we could not determine how many weapons were confiscated throughout the year or how many weapons were ultimately returned to individuals, transferred to other law enforcement agencies, lost, stolen,

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Findings and Recommendations (Continued)

or otherwise disposed of during the year. In addition, we could not determine the amount and type of drugs confiscated throughout the year and the disposition of those confiscated drugs. Failure to maintain control over confiscated weapons and drugs increases the risk that weapons and drugs will be stolen, lost, or disposed of improperly.

The police department should maintain an inventory of all confiscated weapons and drugs that includes the date confiscated, tag number, description of the weapon/drug, name of the individual from whom confiscated, reference to the arrest report, status of pending legal action, and final disposition.

**Need to Improve Controls Over Utility
Accounts and Meter Deposits**

The utility accounts receivable balances in the general ledger are not reconciled with the detailed billing register and the meter deposit account is not reconciled with the detailed listing of customers' meter deposits. In addition, the accounts receivable aging (accounts receivable balances by the number of days past due) is not accurate.

At June 30, 1997, the general ledger balance was \$92,254, and the detailed billing register balance was \$100,733, a difference of \$8,479.

At August 31, 1997, the cash balance in the meter deposit bank account totaled \$91,427, and the detailed listing of customers' meter deposits totaled \$77,467, a difference of \$13,960.

At September 30, 1997, the accounts receivable aging balance was \$280,834, and the billing register balance was \$101,834. We were informed that the difference is due to numerous inactive accounts included in the accounts receivable aging.

Management of the town should (1) reconcile the accounts receivable balances in the general ledger with the detailed billing register on a monthly basis; (2) update and balance the detailed listing of customers' meter deposits with the cash account; (3) reconcile the meter deposit bank account with the detailed listing of individual customer deposits on a monthly basis; and (4) prepare an accounts receivable aging each month that agrees to the detailed billing register and general ledger and use it to monitor the collection efforts.

Need to Review Town's Gasoline Pump Records

The town's gasoline pump records are not reviewed periodically. Good controls over the use of town gasoline for town vehicles require that pump records be maintained and reviewed

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TOWN OF LAKE PROVIDENCE

Lake Providence, Louisiana

Findings and Recommendations (Continued)

periodically. This review will ensure that only town vehicles are receiving gasoline, vehicles receiving the gasoline are properly identified, odometer readings are accurately recorded, and the amount of gasoline received by town vehicles is reasonable.

The town maintains records of town vehicles receiving gasoline from the town's gasoline pump. These records document the date, vehicle number, odometer reading, quantity received, and the driver's signature. Our review of those records from July 1, 1996, through June 30, 1997, revealed the following:

- The records recording the town vehicle, pump readings, odometer readings, and person receiving the gasoline were poorly maintained from July 1, 1996, through September 16, 1996. There were erroneous odometer readings, vehicle numbers were omitted, and the names of individuals receiving gasoline were not legible.
- Vehicle numbers were not consistent during the period of review. For example, replacement vehicles are assigned the same vehicle number as the vehicle being replaced.
- For some entries, the driver's assigned radio unit number was used instead of the vehicle number.
- The odometers for two vehicles were broken.
- All town vehicles do not use the town's gasoline pump on a regular basis. The police chief obtains gasoline from a local service station and only uses the town gasoline pump when the local service station is closed.

The town should (1) place the vehicle number on each town vehicle; (2) assign different vehicle numbers for replacement vehicles; (3) instruct the pump attendant to record the vehicle number and not the radio unit number; (4) repair all broken odometers; (5) require the police chief to get his gasoline from the town pump; (6) prepare a monthly analysis or summary by vehicle that includes, at a minimum, the number of gallons received, miles traveled, and miles per gallon; and (7) present the analysis to the board during its regular board meeting.

Lack of Documentation for Business

Use of Personal Vehicles

The town is paying for gasoline used in personal vehicles without documentation indicating that the vehicles were used for town purposes. The mayor, town clerk, and certain aldermen have received gasoline for their personal vehicles without documenting the

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Findings and Recommendations (Continued)

nature of the town business, dates of travel, and number of miles traveled. This payment arrangement results in additional compensation to these individuals and violates Louisiana law. Louisiana Revised Statute 33:404.1 requires the board of aldermen to establish by ordinance the compensation of the mayor, aldermen, and clerk.

The town has a written policy dated May 26, 1992, that states, "Any Alderman or Mayor, Clerk, who uses his private vehicle for Town Business should receive at least one tank of gas for as long as necessary per week. Any other vehicle break down is the responsibility of the owner of the vehicle." This written policy was never adopted by ordinance.

The Internal Revenue Service (IRS) classifies this payment arrangement as a nonaccountable plan that is considered taxable income to employees, subject to federal income tax withholding, FICA and FUTA. In addition, Article VII, Section 14 of the Louisiana Constitution of 1974 may be violated if reimbursements are made that are not for town business.

The following is a summary of the amount of gasoline charged to the town from July 1, 1996, through June 30, 1997, by the mayor, town clerk, and certain aldermen for which there is no documentation of the purpose of the travel, number of miles traveled, and dates of travel.

James Brown, Mayor	\$1,597
Isaac Fields, Town Clerk	1,509
Lloyd Chapman, Alderman	1,234
Ray Frazier, Alderman	<u>1,020</u>
Total	<u>\$5,360</u>

The agreement that allows the mayor, town clerk, and aldermen to receive gasoline does not include other automotive fluids (oil, gas treatment, brake fluid, etc.) or auxiliary services as an allowable charge. However, the mayor and two aldermen agree that the intent of the agreement allows automotive fluids to be charged. Only the mayor feels that auxiliary services (oil changes, car washes, and other related upkeep) are allowable charges. All three agreed that major repairs should not be charged to the town. The following is a summary of other charges to the town from July 1, 1996, through June 30, 1997, made by the mayor and certain aldermen for their personal vehicles:

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TOWN OF LAKE PROVIDENCE
Lake Providence, Louisiana
Findings and Recommendations (Concluded)

James Brown, Mayor	
Oil changes and filters	\$103
Automotive fluids	33
Car washes	<u>20</u>
Total	<u><u>\$156</u></u>
Lloyd Chapman, Alderman	
Automotive fluids	<u><u>\$178</u></u>
Ray Frazier, Alderman	
Automotive fluids	<u><u>\$29</u></u>

Management of the town should adopt a policy for travel reimbursements when an individual's personal vehicle is used for town business. This policy should comply with Louisiana law and the IRS regulations. The policy should include, at a minimum, that reimbursements be made only when expense reports are filed that include the purpose of the travel, dates of travel, and number of miles traveled for town business. The reimbursement should be based on the number of miles traveled times a standard mileage rate established by the board.

For the calendar years ending December 31, 1997 and 1996, the town should determine the amount of undocumented travel charges (gasoline and other related vehicle charges) made by the mayor, town clerk, and aldermen and file the required IRS forms for these years.

Attachment I

Management's Responses

James W. Brown, Jr.
Mayor

Isaac Fields, Jr.
Clerk

Town of Lake Providence

EXECUTIVE DEPARTMENT

201 SPARROW STREET

LAKE PROVIDENCE, LOUISIANA 71254

TELEPHONE: 318-559-2288

FAX: 318-559-3442

Aldermen:

Lloyd Chapman
Ray Frazier
Dorothy H. Lewis
Marion E. Carraway
Amos Wright

Town Attorney:
Louis Scott

January 30, 1998

RESPONSE TO THE AUDIT RESOLUTION REPORT
DATED DECEMBER 10, 1997

FIXED ASSET RECORDS AND PROCEDURES NEED IMPROVEMENT

We plan to hire an outside firm to conduct an inventory of our fixed assets using a minimum value for inclusion on this of \$500.00.

EMPLOYEES SHOULD NOT BE PAID IN LIEU OF TAKING VACATION

For the year ended June 30, 1996, there were approximately 15 employees which were paid in lieu of taking their vacation. During the year ended June 30, 1997, at least two employees were paid in lieu of taking their vacation. The Town has addressed this concern and where possible, the Town will shift employees from one department to another to help fill in for vacationing employees. In view of the fact that ten employees were laid off in September of 1996, there may be instances of employees being paid in lieu of vacation.

NEED TO COMPLY WITH SALES TAX RESTRICTIONS

It is our belief that the Town did not violate its sales tax restriction for the fiscal year ending June 30, 1996. The Town's one-percent sales tax is restricted as recorded on the official ballot as follows, "the revenues derived from said sales and use tax are to be dedicated and used for the purpose of constructing, acquiring, providing, extending, OPERATING and/or maintaining the Town's sewers and sewage disposal facilities and/or waterworks facilities". The water department had operating expenses of \$193,476 before depreciation and the sewer department had operating expenses of \$100,934 before depreciation, totaling \$294,410 in operating expenses for water and sewer departments. The Town had transferred \$264,000 from the sales tax fund to the utility fund. Since the amount transferred from the sales tax fund to the utility fund was \$30,410 less than the water and sewer operating expenses, we believe there was no violation of the sales tax restrictions. It should be noted that in the year ended June 30, 1997, and in previous years ended June 30, 1993, 1994, and 1995, the sales tax amount transferred from the sales tax fund to the utility fund was less than the total amount of operating expenses in the water and sewer departments.

**TOWN OF LAKE PROVIDENCE RESPONSE TO THE AUDIT RESOLUTION REPORT
DATED DECEMBER 10, 1997**

NEED TO IMPROVE CONTROLS OVER RECEIPTS AND DISBURSEMENTS

- (1) We will restrictively endorse all incoming checks.
- (2) We will stamp all invoices "paid" to prevent duplicate payment.
- (3) We will strive to pay only from invoices and not monthly statements.
- (4) We will continue to try to note on each invoice an approval before payment.
- (5) We will require that expense reports are turned in documenting the purpose and nature of the travel.
- (6) On any credit card statements, there will be documentation indicating the purpose of the charges.
- (7) Odometer readings, vehicle license numbers, and vehicle type will be noted on each invoice for gasoline purchases.
- (8) Bank statements and related checks will be made available on a monthly basis to the finance committee for review.

NEED TO OBTAIN QUOTES FOR LARGE PURCHASES

As evidenced by our February 27, 1997 minutes, we have begun to obtain quotes for purchases between \$7,500 and \$15,000. We will try to obtain quotes, unless an extreme emergency exists that threatens the health and safety of the public.

FAILURE TO COMPLY WITH LOCAL GOVERNMENT BUDGETING ACT

We will strive to adopt and finalize the fiscal year 1999 budget timely. The fiscal 1998 budget was adopted in December 1997.

NEED FOR MONTHLY STATEMENTS

The Town has kept current financial statements on a monthly basis, and will provide copies to the aldermen on a monthly basis in the future.

NEED TO IMPROVE CONTROLS OVER TRAFFIC TICKETS

The police department is run by an elected official, the Chief of Police. In the past, the police department has been hesitant to implement control policies and procedures recommended by the Town. The Town will encourage the police department to adopt and implement the following procedures: (1) a police officer should be issued a traffic ticket book after the previously issued traffic ticket book has been turned in and all issued citations have been received, (2) traffic tickets will be accounted for in numerical sequences along with the final disposition of the traffic ticket, and (3) issued citations will be filed in a fire proof filing cabinet that is limited to authorized personnel.

TOWN OF LAKE PROVIDENCE RESPONSE TO THE AUDIT RESOLUTION REPORT
DATED DECEMBER 10, 1997

NEED TO IMPROVE CONTROLS OVER CONFISCATED WEAPONS AND DRUGS

The Town will encourage the police department to maintain an inventory of all confiscated weapons and drugs that includes the date confiscated, tag number, description of the weapon/drug, name of the individual from whom confiscated, reference to the arrest report, status of pending legal action, and final disposition.

NEED TO IMPROVE CONTROLS OVER UTILITY ACCOUNTS AND METER DEPOSITS

The Town will reconcile the accounts receivable balances in the general ledger with the detailed billing register on a monthly basis. We will begin to update and balance the detailed listing of customer's meter deposits with the cash account. The Town's utility billing software does not rollover inactive accounts in the aging process and it does not remove meter deposits after they are deducted. The Town is in the process of upgrading its computer software to rollover inactive accounts and remove meter deposits after they are paid to customers. Once the software is upgraded, the Town will reconcile the meter deposit bank account with the detailed listing of individual customer deposits on a monthly basis. Also, once the software is upgraded an accounts receivable aging will be prepared each month that agrees to the detailed billing register and general ledger and use it to monitor the collection efforts.

NEED TO REVIEW THE TOWN'S GASOLINE PUMP RECORDS

We will encourage the town's vehicles to use the town's gasoline pump on a regular basis. We will try to repair odometers and instruct the attendant to record usage by vehicle number and to prepare an analysis by gallon and miles traveled to present to the board at the regular meetings as requested. It should be noted that the Mayor monitors gasoline usage daily thru use of an authorization form that must have his approval before gasoline is dispensed.

LACK OF DOCUMENTATION FOR BUSINESS USE OF PERSONAL VEHICLES

Personal vehicles used for town purposes will be documented on a written form and turned into the town for reimbursement. The documentation will include dates of travel, number of miles traveled, and purpose of the travel. The reimbursement will be based on the number of miles traveled times a standard mileage rate established by the board.

Sincerely,


James W. Brown, Jr.
Mayor, Town of Lake Providence

02 February 1998

Office of Legislative Auditor
State of Louisiana
P O Box 94397
Baton Rouge, LA 70804-9397

Subject: Town of Lake Providence Audit

I would like to address some of the findings of your town audit by Mr Gary McCreary.

1) Employees should not be paid in lieu of vacation.

I will have to disagree with your findings. There was documentation. I personally documented in writing on Town of Lake Providence stationery and turned it in to the city hall for payment. The situation occurred because of a severe sewer cave in on Bell and Harding streets, on our main sewer line affecting approximately three hundred people and we had to maintain sewer flow. We were in the process of awarding a imminent threat grant from Louisiana Community Development Block Grant, to correct this situation. This cave in occurred at approximately the same time that the two employees had planned to take their scheduled vacation. The third member of the three man crew, had already taken his vacation during the spring.

2) Need to comply with sales tax restriction.

I agree completely with your findings. I do not feel that the sales tax is being used for what the electorate voted for.

3) Business use of vehicle.

I agree with your findings. But I was using my personal vehicle exclusively for town business and also following town policy. The automobile fluid (oil) was used because of the mileage on my vehicle, 150,000+ miles. Normally one quart of oil to ten gallons of gasoline.

Hopefully during the next few weeks, we will impliment this policy, for travel reimbursement, that you requested.

Sincerely,

