

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Town of Benton
Benton, Louisiana

May 15, 2002



Investigative Audit

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

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LEGISLATIVE AUDITOR

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Town of Benton

May 15, 2002



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

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

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DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

May 15, 2002

THE HONORABLE LYNNE F. MASCAGNI, MAYOR,
AND MEMBERS OF THE BOARD OF ALDERMEN
Benton, Louisiana

Transmitted herewith is our investigative report of the Town of Benton. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

This report presents our finding and recommendations as well as the response of the Town's management. Copies of this report have been delivered to the Honorable James M. Bullers, District Attorney for the Twenty-sixth Judicial District of Louisiana, and other authorities as required by state law.

Respectfully submitted,

A handwritten signature in cursive script, reading "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

SDP:SLC:DGP:dl

[BENTON02]

Executive Summary

Investigative Audit Report Town of Benton

Highlights . . .

Cash receipts totaling \$6,736 are missing from the Town of Benton.

The Town should implement policies and procedures to ensure that all funds collected by the Town are deposited in a timely manner to the Town's bank accounts.

Finding (See page 5.)

Town records indicate that during the period January 2000 to February 2002, Ms. Clementine Williams collected cash totaling \$6,736 that was not deposited into the Town's bank accounts. Though the cash was not deposited, the receipts were prepared and the customer accounts were properly posted.

Recommendation (See page 7.)

We recommend that the Town implement policies and procedures to ensure that all funds collected by the Town are deposited in a timely manner to the Town's bank accounts. The procedures, at a minimum, should require the following:

1. Reconciliation of deposits to actual receipts
2. Use of a three part deposit ticket so that one copy remains available at all times for inspection by the Town clerk
3. Proper segregation of duties so that individuals collecting funds are not responsible for making their own deposits

We also recommend that the District Attorney for the Twenty-sixth Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

Management's Response (See pages 9 and 10.)

Management concurs with the finding and has implemented the recommended policies and procedures.

Background and Methodology

The Town of Benton, Louisiana, was incorporated August 16, 1902, under the provisions of the Lawrason Act. The town works under a Mayor-Board of Aldermen form of government. The town provides the following services as authorized by the act: public health and safety, streets, sanitation, water and sewerage, planning and zoning, recreation, and general administrative services. Education and welfare are administered by other governmental entities.

As a result of an internal investigation conducted by the town clerk, Mayor Lynne Mascagni notified our office on March 6, 2002, of a possible misappropriation of public funds.

The procedures performed during this investigative audit consisted of (1) interviewing employees and officials of the Town; (2) interviewing other persons as appropriate; (3) examining selected documents and records of the Town; (4) making inquiries and performing tests to the extent we considered necessary to achieve our purpose; and (5) reviewing applicable state laws.

The results of our investigative audit are the finding and recommendation herein.

Finding

Town records indicate that during the period January 2000 to February 2002, Ms. Clementine Williams collected cash totaling \$6,736 that was not deposited into the Town's bank accounts. Though the cash was not deposited, the receipts were prepared and the customer accounts were properly posted.

Ms. Williams has been a deputy clerk at the Town for the past six years and is primarily responsible for water bills and meter deposits. Also, Ms. Williams collected fines and property taxes on occasion. From January 2000 to February 2002, Ms. Williams collected cash totaling \$6,736 for fines and meter deposits on 67 occasions that was not deposited into the Town's bank accounts. On each of these occasions, Ms. Williams initialed a Town receipt indicating that she collected cash from the customer. Because of a change in administration in January 2001, Ms. Williams was the only person consistently employed by the Town during the period January 2000 to February 2002. In addition, no cash appears to be missing on days that Ms. Williams was absent from work.

Ms. Williams was the only person consistently employed by the Town during the period January 2000 to February 2002.

Ms. Williams stated that she is responsible for the missing money although she did not take it personally.

Ms. Williams stated that she is responsible for making her own deposits for money she collected on behalf of the Town. Ms. Williams explained that on some occasions she split her deposit into one for checks and the other for cash, which resulted in two deposits for one day. Ms. Williams stated that if her cash did not make it to the bank, then someone took it. Ms. Williams further stated that she is responsible for the missing money although she did not take it personally. Ms. Williams stated that she is willing to pay back the missing money.

These actions indicate possible violations of the following Louisiana laws:

- R.S. 14:67, "Theft"¹
- R.S. 14:134, "Malfeasance in Office"²

The actual determination as to whether individuals are subject to formal charge is at the discretion of the district attorney.

¹ R.S. 14:67 provides, in part, that theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

² R.S. 14:134 provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.

Recommendation

We recommend that the Town implement policies and procedures to ensure that all funds collected by the Town are deposited in a timely manner to the Town's bank accounts. The procedures, at a minimum, should require the following:

1. Reconciliation of deposits to actual receipts
2. Use of a three part deposit ticket so that one copy remains available at all times for inspection by the Town clerk
3. Proper segregation of duties so that individuals collecting funds are not responsible for making their own deposits

We also recommend that the District Attorney for the Twenty-sixth Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

Attachment I

Management's Response



TOWN OF BENTON

P.O. Box 336
105 Sibley Street
Benton, LA 71006

(318) 965-2781
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Lynne F. Mascagni
Mayor

J. W. Hollis
Chief of Police

Aldermen:
District 1

Kim Player

District 2

Rutha Richardson

District 3

Neal Thompson

District 4

Donna Wyatt

District 5

Marcille Hollis

Doris B. Naron, CMC
Town Clerk

May 14, 2002

Dr. Daniel G. Kyle
Legislative Auditor, State of Louisiana
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Investigative Audit Report
Town of Benton
March, 2002

Dear Dr. Kyle:

On February 25, 2002, Doris Naron, Town Clerk received a phone call from First National Bank of Benton advising her that a deposit was over in cash in the amount of \$166.00. The deposit consisted of three checks totaling \$166.00, and cash totaling \$166.00. The deposit total written on the deposit slip was \$166.00, with the list section showing three checks only. The deposit was found to be one processed by Ms. Clem Williams.

There began a series of events, which dictated that we begin researching receipts versus deposits. Mrs. Naron contacted our Town CPA, Mr. James T. Bates, to come and audit our preliminary findings. Mr. Bates, Mrs. Naron and myself determined that from January 1, 2002 and February 25, 2002 that approximately \$2,121.63 in town funds had been collected, but not deposited by Ms. Williams.

At this point, we were advised to contact the Bossier Parish Sheriff's office. After discussion with Sheriff's investigators, we were advised to place Ms. Williams on paid administrative leave, and they would begin their investigation. We were also advised to contact your office. Upon contacting your office, you then sent an investigator, who proceeded to check our records back to January 2000.

As requested, I am responding to your findings and recommendations in the above referenced matter as follows:

Response to Findings:

I concur with the finding in the report. The instances of appeared theft are unfortunate and the loss of funds reprehensible.

Dr. Daniel G. Kyle, Legislative Auditor
Investigative Audit Report Response
May 14, 2002, Page 2 of 2

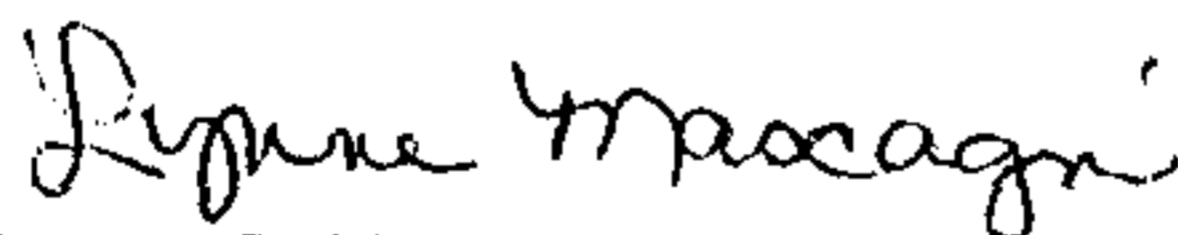
Response to Recommendation:

We are in the process of implementing a fully integrated software package, which will provide complete tracking capabilities for all funds and minimize, if not eliminate, time required to reconcile fund receipts and deposits.

- 1) We have implemented procedures and reports to daily balance deposits to actual receipts.
- 2) We have in place two part deposit slip books with a third photo static copy kept with deposit copy backups. One deposit slip remains in the book to be available for inspection by the Town Clerk.
- 3) The Town Clerk will handle daily verification of all receipts and deposits. Clerks have their own lock deposit bag that may be opened only by that clerk and/or the bank, after the deposit totals are verified by Town Clerk.
- 4) We endorse and concur in your recommendation that the District Attorney review the information and take appropriate legal action, including restitution of the funds involved. My office will make available any assistance required by the District Attorney.

I would like to thank you for your promptness after our request for assistance from your office. The courtesy and professionalism of your staff is commendable. Should any questions arise, please contact me.

Sincerely,



Lynne F. Mascagni
Mayor, Town of Benton