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STATE OF LOUISIANA LEGISLATIVE AUDITOR

Town of Brusly
Brusly, Louisiana

August 26, 1998



Investigative Audit

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

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Town of Brusly

August 26, 1998



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

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

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August 26, 1998

**THE HONORABLE LYNN POURCIAU, MAYOR,
AND MEMBERS OF THE TOWN COUNCIL,
TOWN OF BRADLEY
Bradley, Louisiana**

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

This report presents our finding and recommendation. Copies of this report have been delivered to the Honorable Richard L. Ward, Jr., District Attorney for the Eighteenth Judicial District of Louisiana, and others as required by state law.

Respectfully submitted,


Daniel G. Kye, CPA, CFE
Legislative Auditor

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Executive Summary

Investigative Audit Report Town of Brusly

The following summarizes the finding and recommendation as well as management's response that resulted from this investigation. Detailed information relating to the finding and recommendation may be found at the page number indicated. Management's response may be found at Attachment 1.

Traffic Fine Collections Not Deposited

(Page 1)

Finding:	From July 30, 1997, through April 3, 1998, the Town of Brusly collected \$134,895 in traffic fines. However, only \$102,574 was deposited into the town's bank accounts. The remaining \$32,421 has not been accounted for.
Recommendation:	We recommend that the Town of Brusly ensure that all personnel adhere to its procedures to collect, record, and deposit traffic fines. Periodic inspections of these procedures should be performed by the town clerk to ensure that internal accounting controls are functioning as designed. In addition, we recommend that the District Attorney for the Eastern Judicial District of Louisiana review this matter and take appropriate legal action, to include seeking restitution.
Management's Response:	Management believes the procedures currently in place are adequate to ensure that all funds are accounted for. This is borne out by the lack of previous problems and the fact that Mr. Bynum's activities were uncovered by other town employees. However, no procedure is perfect when an employee takes elaborate steps to cover dishonest acts and therefore, measures are being taken to tighten the procedures to ensure no future problems are encountered.

Background and Methodology

The Town of Brady is a municipality located in West Baton Rouge Parish along the Mississippi River. The town was chartered under the Louisiana Act and is governed by a mayor and five-member board of aldermen.

On April 21, 1998, officials for the Town of Brady notified the Legislative Auditor that town records indicated that traffic fines that were collected were not deposited into town accounts. Our investigation, performed with the assistance of Chief of Police Louis Barthelme and Captain James Johnson of the Brady Police Department, was conducted to determine the amount of traffic fines collected by the town, but not deposited into any of the town's accounts.

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

The result of our investigation is the finding and recommendation herein.

Finding and Recommendation

TRAFFIC FINE COLLECTIONS NOT DEPOSITED

From July 30, 1997, through April 3, 1998, the Town of Breda collected \$124,998 in traffic fines. However, only \$112,574 was deposited into the town's bank accounts. The remaining \$12,424 has not been accounted for.

The Town of Breda collects fines at the Breda town hall for traffic tickets issued by its police department. The town employs a traffic clerk to collect, record, and deposit these fines. From July 30, 1997 through March 1998, Ms. Ramona Bynum served the town in this capacity. Town records indicate that during this period, \$124,998 in fines were collected; however, only \$112,574 of these collections were deposited into the town's accounts. The remaining \$12,424 was not deposited.

The town has in place procedures to ensure that its traffic fines are properly collected, recorded, deposited, and adjudicated. These procedures include:

1. Ticket transmittals are prepared by the police department and used by the town clerk to prepare the court docket. This ensures that all tickets issued are recorded on the court docket.
2. The traffic clerk files tickets in numerical order.
3. Pre-numbered, three-part receipts are prepared for all collections of ticket fines. The original white copy of the receipt is given or mailed to the violator, the yellow copy is attached to the original ticket, and the pink copy remains in the cash receipts book(s).
4. The traffic clerk prepares a deposit report that lists each individual violator, ticket number, and amount of fine collected for each deposit.
5. Violators are removed from the court docket by the town clerk when the deposit reports indicate that their fines have been paid, and the tickets have been properly dismissed.
6. Notification letters are sent to individuals who fail to appear in court.

1. Bench warrants are issued for individuals who fail to appear in court after receiving a notification letter.
2. The Louisiana Department of Public Safety (DPS) is notified of outstanding bench warrants to afford the state the opportunity to refuse renewal of the violator's operator's license.

These procedures increase the likelihood that collections will be properly recorded and deposited and any improper actions will be detected in the normal course of business. The town records indicate that though Ms. Byrum collected substantially all of the ticket fines and made the deposits, she failed to perform and/or improperly performed some of these procedures. As a result, the town did not detect that a portion of its fine collections was not deposited.

Specifically, town records indicate that, while serving as traffic clerk, Ms. Byrum (a) failed to reconcile the ticket receipts to the deposits, (b) recorded collections on the deposit reports at amounts less than the actual amounts collected, (c) failed to attach receipt copies to the original tickets, (d) improperly dismissed tickets after the individuals had paid in full, and (e) failed to report issued bench warrants to DPS. In addition, though ticket fine collections were not properly deposited while Ms. Byrum served as traffic clerk, these discrepancies were immediately discovered by her successor.

Failure to Reconcile Receipts to Deposits

While serving as traffic clerk, Ms. Byrum did not reconcile the receipts issued to the deposit of fines. Had this procedure been performed and reviewed by another town employee, the likelihood of detection that Ms. Byrum failed to properly deposit all ticket fine collections would have been increased.

Recorded Collections at Amounts Less Than Actually Collected

As traffic clerk, Ms. Byrum was responsible for collecting traffic fines. Town procedures require that when payment of traffic fines is received, a separately numbered, three-part cash receipt form is completed. Of the 123 cash receipts comprising the \$12,421, 117 cash receipts included "R. Byrum" or "RJB" as the clerk receiving the funds. Ms. Byrum was also responsible for depositing the fine collections and preparing the deposit reports. A review of the deposit reports revealed that for 31 of the 123 receipts comprising the missing funds, Ms. Byrum deposited only a partial amount of the total funds that she collected. Some of these partial deposits were made on the same day, or within a few days, of the date Ms. Byrum collected the fines.

According to Ms. Byrum, while she was traffic clerk she prepared all of the deposit reports for traffic fines and filed a copy of the reports to the town clerk, Mr. Bobby Stanley. Based on the deposit reports, Mr. Stanley removed violators' names from the court docket. The docket does not identify the amount that should be paid for the violation. Mr. Stanley would therefore be unable to distinguish between a deposit for the full amount of the ticket collection and a deposit for less than the full amount of the collection.

Tickets Missing and Receipts Were Not Attached

Town personnel were able to locate only 47 of the original tickets related to the 123 cash receipts. All original tickets should have been filed in numerical order. In addition, copies of the cash receipts were not attached to the original tickets.

Tickets Were Improperly Dismissed After Payment Was Received

The proper dismissal of a traffic ticket requires the approval, as evidenced by their initials or signature on the back of the ticket, of five town officials. These include the mayor, the town clerk, the court judge, the chief of police, and the traffic clerk. Once tickets are properly approved for dismissal, the traffic clerk prepares a list of dismissed tickets and forwards it to the town clerk. The town clerk uses the list to remove violators' names from the court docket.

Seventeen of the 123 tickets comprising the missing funds were dismissed after the tickets were paid in full. Town personnel located only 14 of these tickets. Of these 14, one was signed by both the mayor and Ms. Blyman, 9 were signed only by Ms. Blyman, and 4 had no authorizing signatures. Ms. Blyman stated that she prepared and filed the listings related to the 17 dismissed tickets to Mr. Stanley to remove the 17 violators from the court docket. Ms. Blyman was unable to explain why the tickets were dismissed even though they had been paid in full or why they were dismissed without obtaining proper approval.

Failure to Notify DPS

Ms. Blyman agreed that it was her responsibility to notify DPS of violators' failure to pay their traffic fines and/or appear in court. When notified, DPS restricts violators' ability to renew drivers' licenses and operate title transfers. According to town records, 53 of the 123 tickets remained on the docket after payment had been received, bench warrants were to be issued, and DPS was to be notified. Records indicate that DPS was notified of only 6 of these 53 violators. Had DPS been notified that the docket indicated these violators had failed to pay their traffic fines and/or appear in court, these violators may have encountered difficulty in performing certain transactions with DPS. Furthermore, these violators may have been informed that the Town of Dixley had not properly recorded the payment of their traffic fines.

Misrepaides Discovered by Successor Traffic Clerk

On March 30, 1994, Ms. Blyman became the mayor's secretary and the town employed Ms. Sharon Dugout as traffic clerk. According to Ms. Dugout, she immediately noticed that proper procedures had not been followed, tickets were missing, collections had not been properly deposited, and cash receipts had not been reconciled to deposits. We found that after Ms. Dugout was employed as traffic clerk, collections were properly deposited and reconciled.

These actions indicate that Ms. Bynum may have violated one or more of the following laws:

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

We recommend that the Town of Brady ensure that all personnel adhere properly to its procedures to collect, record, and deposit traffic fines. Periodic inspections of these procedures should be performed by the town clerk to ensure that internal accounting controls are functioning as designed. In addition, we recommend that the District Attorney for the Eighteenth Judicial District of Louisiana review this matter and take appropriate legal action, to include seeking restitution.

Attachment I
Management's Response



Town of Brusly

P.O. Box 510
Brusly, Louisiana 70719-0510

MAYOR
Lynn J. Fournier

ALDERMEN
Larry Durkin
Thomas Jordan
Scott Rhodes
Aaron Savant
James J. Woods, Jr.

August 13, 1996

Dr. Daniel Nyle
Legislative Auditor
P.O. Box 94397
1460 N. 3rd Street
Baton Rouge, Louisiana 70804-9397

RE: Audit Report for the Town of Brusly

Dear Dr. Nyle:

This is in response to your letter dated August 2, 1996, wherein you requested a response to the audit report prepared by your office regarding missing funds from the Town of Brusly. Please be advised that the person named in the report as being responsible for the missing funds Mr. Ramon Byram, was terminated from employment with the Town of Brusly on 02 May 15, 1996.

The procedures to ensure adequate internal controls have been in place for well over 15 years. Several different people have held the position which was formally held by Mr. Byram with no previous loss of funds. All records for the Town of Brusly, including traffic fines have been audited annually with no discrepancies noted, until Mr. Byram became employed.

We feel the procedures currently in place are adequate to ensure that all funds are accounted for. This is borne out by the lack of previous problems and the fact that Mr. Byram's activities were uncovered by other town employees. However, no procedure is perfect when an employee takes elaborate steps to cover dishonest acts and therefore, measures are being taken to tighten the procedures to ensure no future problems are encountered.

A check list of her duties was presented to Mr. Byram and she acknowledged that she was properly trained for this position. The employees of the Town of Brusly are bonded against dishonest acts and the Town intends to submit this report to the bonding company upon its release to recover the missing funds.

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Dr. Daniel Kyle

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I would like to thank you for the prompt, professional and courteous manner in which this matter was handled by your office. If you have any questions, or would like to discuss this matter further, please feel free to contact my office.

Sincerely,



Lynn Fournier
Mayor

Attachment II
Legal Provisions

Legal Provisions

The following legal citations are referred to in the Finding and Recommendation section of this report:

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

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

R.S. 42:1401(A) provides that officials, whether elected or appointed, by the act of accepting such office assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property or other thing of value belonging to the public entity in which they hold office.