

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

**Village of Wilson**  
Wilson, Louisiana

April 21, 1999



**Investigative Audit**

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

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

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# Village of Wilson

April 21, 1999



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

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

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

April 21, 1999

**HONORABLE J. E. RAVENCRAFT, MAYOR,**  
**AND MEMBERS OF THE BOARD OF ALDERMEN**  
**VILLAGE OF WILSON**  
Wilson, Louisiana

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

This report presents our finding and recommendation as well as management's response. Copies of this report have been delivered to the Honorable Charles A. Shropshire, District Attorney for the Twentieth Judicial District of Louisiana, and others as required by state law.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is written in a cursive style with a large initial "D".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

JLM:EKL:AFB:ss

[WILSON]

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# Executive Summary

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## Investigative Audit Report Village of Wilson

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

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### Public Funds Taken for Personal Use

(Page 1)

**Finding:**

Ms. Murdis Harris, Assistant Town Clerk for the Village of Wilson (Village), stated that from June 1, 1997, to May 31, 1998, she took approximately \$8,000 in utility collections for her personal use. Ms. Harris further stated that she wrote off approximately \$500 of her personal utility bills. A review of Village records for the period June 1995 through December 1998 indicates that Ms. Harris actually collected \$37,996 in utility receipts, which she did not deposit. Furthermore, a review of Ms. Harris' personal utility account indicates that Ms. Harris actually wrote off \$1,006 of her utility bills.

**Recommendation:**

We recommend that the Village of Wilson implement policies and procedures to ensure that (1) amounts billed are collected; (2) adjustments to utility bills are approved by an appropriate supervisor; (3) utility collections are deposited intact and in a timely manner; (4) bank statements are reviewed periodically by an appropriate supervisor; (5) billing ledgers are reconciled to the deposits recorded by the bank and such reconciliations are reviewed by the mayor and the Board of Aldermen; and (6) surety bonds provide adequate coverage. Furthermore, we recommend that the District Attorney for the Twentieth Judicial District of Louisiana review this matter and take appropriate legal action, to include seeking restitution.

**Management's Response:**

Management for the Village of Wilson states that it is in the process of implementing the necessary policies and procedures to prevent a recurrence of a misappropriation of public funds.

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# Background and Methodology

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The Village of Wilson was created in 1960 under the provisions of the Lawrason Act and is located in East Feliciana Parish. The Village provides water and sewer services to its residents.

On December 23, 1998, the Legislative Auditor received a letter from John D. Butler, CPA, explaining that his audit for fiscal year 1998 had determined that utility collections were substantially lower than expected. This investigation was conducted to determine if there were any improprieties related to utility collections.

Our procedures consisted of (1) interviewing employees and officials of the Village; (2) interviewing other persons as appropriate; (3) examining selected documents and records of the Village; (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.



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# Finding and Recommendation

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## **PUBLIC FUNDS TAKEN FOR PERSONAL USE**

Ms. Murdis Harris, Assistant Town Clerk for the Village of Wilson (Village), stated that from June 1, 1997, to May 31, 1998, she took approximately \$8,000 in utility collections for her personal use. Ms. Harris further stated that she wrote off approximately \$500 of her personal utility bills. A review of Village records for the period June 1995 through December 1998 indicates that Ms. Harris actually collected \$37,996 in utility receipts, which she did not deposit. Furthermore, a review of Ms. Harris' personal utility account indicates that Ms. Harris actually wrote off \$1,006 of her utility bills.

The Village owns and operates a water plant that supplies water to businesses and residents. The Village employed Ms. Harris as the Assistant Town Clerk on July 19, 1988. Ms. Harris was responsible for collecting, recording, and depositing water and sewer payments. Records obtained from the Village indicate that from June 1995 through December 1998, \$250,076 in utility payments were collected. However, only \$212,080 was deposited into the Village's bank accounts.

Ms. Harris further stated that she began taking utility receipts for her personal use in June 1995. Ms. Harris further stated that during the period from June 1, 1997, to May 31, 1998, she took \$8,000 in utility receipts for her personal use.

In addition, Ms. Harris stated that she had written off approximately \$500 of her utility bills since 1996. However, a review of Ms. Harris' personal utility account indicates that Ms. Harris appears to have actually written off \$1,006 of her utility bills. Ms. Harris has repaid the Village \$198 of this amount.

Surety bond coverage of Ms. Harris is currently \$1,000 per year. A review of the Village's banking records and collections indicates that current surety bond coverage is not adequate.

By diverting utility collections for her personal use and improperly writing off her personal utility bills, Ms. Harris may have violated one or more of the following state laws:

- R.S. 14:67, "Theft"
- R.S. 14:68, "Unauthorized Use of a Movable"
- R.S. 14:134, "Malfeasance in Office"
- R.S. 14:1461(A), "Obligation Not to Misappropriate"

We recommend that the Village of Wilson implement policies and procedures to ensure that (1) amounts billed are collected; (2) adjustments to utility bills are approved by an appropriate supervisor; (3) utility collections are deposited intact and in a timely manner; (4) bank statements are reviewed periodically by an appropriate supervisor; (5) billing ledgers are reconciled to the deposits recorded by the bank and such reconciliations are reviewed by the mayor and the Board of Aldermen; and (6) surety bonds provide adequate coverage. Furthermore, we recommend that the District Attorney for the Twentieth Judicial District of Louisiana review this matter and take appropriate legal action, to include seeking restitution.

**Attachment I**  
**Management's Response**

# *Village of Wilson*

*Mayor:*  
*Earl Ravencraft*

March 31, 1999

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

RE: Preliminary Report

Dear Sir:

This letter is in response to your letter of March 26, 1999 regarding the results of your investigative audit of utility collections for the Village of Wilson, and this response is on behalf of both the Mayor and Board of Alderman of the Village of Wilson.

Mr. John Butler, CPA, was engaged to perform an independent audit of the financial statements of the Village of Wilson as was required in order to qualify for grant funds of the State of Louisiana. Mr. Butler's report and management letter dated December 2, 1998 disclosed what he perceived to be misappropriation of public funds of the Village of Wilson from utility collection accounts by Ms. Murdis Harris, Assistant Town Clerk for the Village of Wilson. As a result of this evidence, the Mayor and Board of Alderman suspended the employment of Ms. Harris without pay.

At a special meeting held on the 5<sup>th</sup> day of April, 1999, following receipt of the preliminary draft of your investigative report, the employment of Ms. Murdis Harris was terminated.

As noted in my letter to you dated March 9, 1999, we are in the process of implementing internal controls and forming written policies and procedures which we anticipate will be fully implemented by June 1, 1999. These internal controls, policies and procedures were recommended by both your office and by Mr. John Butler, CPA. A copy of my letter of March 9, 1999 and the management letter of Mr. Butler, dated December 2, 1998 are attached.

We have also utilized grant funds for the purchase of a computer and conversion of our manual records to computer which will commence on April 15, 1999. We anticipate that this improved technology will enable us to conduct periodic reviews and audits with less time and expense.

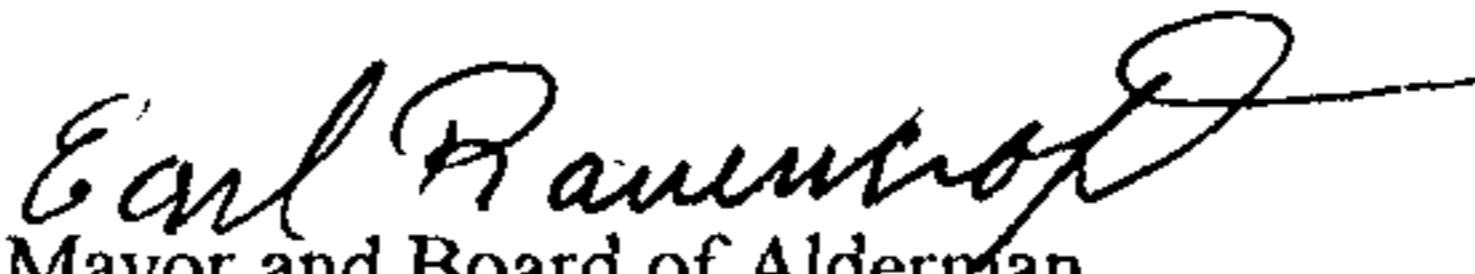
***P.O. Box 40 • Wilson, LA 70789 • (225) 629-5415***

# *Village of Wilson*

*Mayor:  
Earl Ravencraft*

As elected officials of the Village of Wilson, we must accept responsibility for the errors of the past, but we are resolved to and will ensure that every effort is made to prevent a reoccurrence of the type of misappropriation which the audits have revealed.

Respectfully Submitted,

  
Mayor and Board of Alderman  
Village of Wilson,  
Earl Ravencraft, Mayor

ER:hl

**Attachment II**  
**Legal Provisions**

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# Legal Provisions

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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 to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

**R.S. 14:68** provides that unauthorized use of a movable is the intentional taking or use of a movable which belongs to another, either without the other's consent, or by means of fraudulent conduct, practices, or representations, but without any intention to deprive the other of the movable permanently.

**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. 42:1461(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.

