

STATE OF LOUISIANA LEGISLATIVE AUDITOR

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City of Winnfield
Winnfield, Louisiana

April 14, 1999



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

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City of Winnfield

April 14, 1999



**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

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April 14, 1999

HONORABLE DEANO THORNTON, MAYOR,
AND MEMBERS OF THE BOARD OF ALDERMEN
Winnfield, Louisiana

Transmitted herewith is our investigative report on the City of Winnfield. 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 findings and recommendations as well as management's response. Copies of this report have been delivered to the Honorable Terry R. Reeves, District Attorney for the Eighth Judicial District of Louisiana, the Louisiana Board of Ethics, and others 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

SDP:EKL:AFB:dl

{WINNFELD}

Executive Summary

Investigative Audit Report City of Winnfield

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

City Employee Did Business With City

(Page 1)

Finding: On June 24, 1998, the City of Winnfield purchased \$750 of food from Mary's Café, a restaurant owned by the City Clerk, Ms. Twyla Hyman.

Recommendation: We recommend that the City of Winnfield and its employees comply with Louisiana law. Furthermore, we recommend that the City of Winnfield seek an opinion from the Louisiana Board of Ethics regarding this matter.

Management's Response: The purchase of meals from an entity owned by the city clerk was a one time occurrence and will not be repeated in the future.

City of Winnfield Did Not Properly Control Evidence Gathered During Investigations

(Page 1)

Finding: Evidence gathered by the Winnfield City Police Department is not being accounted for properly.

Recommendation: We recommend that evidence be properly accounted for until disposal.

Management's Response: A new officer has been assigned the duties related to controlling evidence, and he is working to correct the problem. A new facility to be constructed within the year will also help to alleviate the problem.

**City of Winnfield Is Not Enforcing the City's
Alcoholic Beverage Control Ordinance and Has
Inadequate Control Over Cash Collections**

(Page 2)

Finding:

We identified at least 40 alcoholic beverage vendors who sell alcoholic beverages in the normal course of their employment and found that only 25 had valid Alcoholic Beverage Ordinance (ABO) cards as required by city ordinance. Furthermore, records for the period July 8, 1996, through August 26, 1998, indicated that cash collections from the sale of ABO cards totaled \$970 while only \$750 was deposited.

Recommendation:

We recommend that the City of Winnfield enforce the Alcohol Beverage Control Ordinance provision of the City's code. Furthermore, we recommend that the City implement procedures to ensure that all fees collected from the sale of ABO cards are promptly deposited into the City's bank account.

Management's Response:

The Chief of Police will initiate periodic checks to ensure conformance with the ABO. The chief has also initiated daily deposits of monies collected and monthly reconciliations to the receipt book.

Background and Methodology

The City of Winnfield, Louisiana, was incorporated under the Lawrason Act in June 1902. The city's major functions include public safety, fire protection, ambulance, streets, sanitation, recreation and parks, utilities, and general administrative services.

The Office of the Legislative Auditor received information alleging that the City was improperly using public assets.

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

The result of our investigative audit is the findings and recommendations herein.

Findings and Recommendations

CITY EMPLOYEE DID BUSINESS WITH CITY

On June 24, 1998, the City of Winnfield purchased \$750 of food from Mary's Café, a restaurant owned by the City Clerk, Ms. Twyla Hyman.

The City of Winnfield provided a buffet meal for 100 people at Mary's Café at a cost of \$750. Ms. Twyla Hyman, City Clerk, stated that she is the owner of Mary's Café.

The above action is a possible violation of R.S. 42:1112, "Prohibited Transactions," and R.S. 33:561, "Contracts Between Municipalities and Municipal Employees."

We recommend that the City of Winnfield and its employees comply with Louisiana law. Furthermore, we recommend that the City of Winnfield seek an opinion from the Louisiana Board of Ethics regarding this matter.

CITY OF WINNFIELD DID NOT PROPERLY CONTROL EVIDENCE GATHERED DURING INVESTIGATIONS

Evidence gathered by the Winnfield City Police Department is not being accounted for properly.

In November 1998, Officer Manuel Espejel was assigned duties as evidence control officer for the Winnfield City Police Department. At that time there was evidence in the evidence room that had not been properly tagged and logged. In addition, evidence that had been disposed of was still listed on the log as being in the evidence room. Officer Espejel decided to start a new log that properly reflected the evidence on hand. The inventory of evidence included \$3,627 in cash, some from cases dating back to August and September 1997.

In addition, an inventory of officers' lockers revealed that case evidence is routinely kept in individual officer's personal lockers. During this examination, several guns and other weapons seized as evidence were observed in officers' personal lockers. It was also noted that some of these items had been held since 1986.

In one instance, jewelry that was seized in July 1998 was not turned into the evidence room until November 17, 1998. The officer handling the case kept the jewelry in his locker from July 1998 until November 17, 1998.

We recommend that evidence be properly accounted for until disposal.

**CITY OF WINNFIELD IS NOT ENFORCING THE CITY'S
ALCOHOLIC BEVERAGE CONTROL ORDINANCE
AND HAS INADEQUATE CONTROL OVER CASH
COLLECTIONS**

We identified at least 40 alcoholic beverage vendors who sell alcoholic beverages in the normal course of their employment and found that only 25 had valid Alcoholic Beverage Ordinance (ABO) cards as required by city ordinance. Furthermore, records for the period July 8, 1996, through August 26, 1998, indicated that cash collections from the sale of ABO cards totaled \$970 while only \$750 was deposited.

The City of Winnfield Code states that "every alcoholic beverage handling employee shall obtain an alcoholic beverage handling employee card prior to entering employment on an alcoholic beverage holder's premises." Our investigation revealed ten establishments with at least 40 employees who sell alcoholic beverages within the City of Winnfield; however, only 25 of those employees had valid ABO cards.

The Winnfield City Police Department issues the ABO card and collects a \$10 fee for each card. In 1996, at least 46 cards were issued, in 1997 only 11 cards were issued, and 41 cards were issued in the first eight months of 1998. Mr. Ray Shell, Assistant Chief of Police, is solely responsible for issuing alcoholic beverage cards and collecting fees. Deputy Vera Faye Rogillo makes deposits of police department collections. Mr. Shell explained that only 11 cards were issued in 1997, because the laminator and camera were broken for much of the year, which prevented issuing ABO cards for much of that year. In addition, we found that ABO cards are not prenumbered making it difficult to determine the total number issued, and thus the total fees collected.

From July 8, 1996, through August 26, 1998, records of ABO cards issued totaled \$970 while deposits of ABO card receipts amounted to only \$750. Mr. Shell stated that he is not surprised that cash deposited does not equal cash collected because he is out of his office frequently and the cash is not kept in a secured place. Furthermore, he told us that trustees have access to his office when he is not there. He also said that on several occasions he found that the door to his office had been forced open. Despite the fact that it appeared that there had been forced entry into his office, Mr. Shell stated that he did not attempt to determine if any cash was missing, nor did he secure the funds. Finally, Mr. Shell stated that cash collected is not reconciled to cash deposited.

We recommend that the City of Winnfield enforce the Alcohol Beverage Control Ordinance provision of the City's code. Furthermore, we recommend that the City implement procedures to ensure that all fees collected from the sale of ABO cards are promptly deposited into the City's bank account.

Attachment I

Management's Response

City of Winnfield

PHONE (318) 628-3939
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WINNFIELD, LOUISIANA
71483



Deano Thornton, Mayor

Council Members
KENNY CALDWELL
WILLIE HOLDEN
ANDRE' HOWARD
MATT MILAM
JIMMY WILLIAMS

April 5, 1999

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

Dear Dr. Kyle:

Enclosed is the written response to the findings and recommendations to our recent audit by your office.

Please contact me if you need any additional information.

Sincerely,

DEANO THORNTON
MAYOR

DT/sp

Enclosure

City Employee Did Business with City

- Findings:** On June 24, 1998 the City of Winnfield purchased \$750 of food from Mary's Cafe, a restaurant owned by the City Clerk Ms. Twyla Hyman.
- Recommendation:** We recommend that the City of Winnfield not donate public assets to benefit public officials, employees or private interests.
- Management's Response:** During the month of June 1998 the City of Winnfield hosted the statewide Managers Meeting for the Louisiana Main Street Program. One of the responsibilities of the host city was to provide a meal and entertainment for those in attendance. The event was planned by Main Street Director, Carolyn Phillips and was approved by the Mayor. Mrs. Phillips wanted to have a Mexican Fiesta theme for the catered event which was held at the gazebo on the Museum property. Winnfield has only one Mexican style restaurant. The restaurant has been in operation for over 35 years in the City of Winnfield. Those attending were served appetizers, a main meal and dessert. Decorations were also provided by the restaurant. Technically Mrs. Hyman, the City Clerk has part ownership through her husband. Mrs. Hyman was not involved in the decision to purchase the meals. That was a decision made by the Main Street Manager and the Mayor. This was a one time occurrence and in the future the City of Winnfield will not conduct any business with Mary's Cafe.

City of Winnfield Did Not Properly Control Evidence Gathered During Investigation

- Finding:** Evidence gathered by the Winnfield City Police Department is not being accounted for properly.
- Recommendation:** We recommend that evidence be properly accounted for until disposal.
- Management's Response:** The elected Chief of Police of the City of Winnfield has delegated the duties of maintaining the evidence gathered by the department. Findings indicated that past practices have not met the desirable standards. The Chief has reassigned those duties to a new officer who is working diligently to correct the existing problem. Within the coming year the city will construct a new police station facility that will be furnished with all the necessary equipment and space to adequately secure all evidence.

City of Winnfield is not Enforcing the City's Alcoholic Beverage Control Ordinance and Has Adequate Control over cash collections

- Finding:** We identified at least 40 alcoholic beverage vendors who sell alcoholic beverages in the normal course of their employment and found that only 25 had valid Alcoholic Beverage Ordinance (ABO) cards as required by city ordinance. Furthermore, records for the period July 8, 1996 through August 26, 1998 indicated that cash collections from the sale of ABO cards totaled \$970 while only \$750 was deposited.

Recommendation:

We recommend that the City of Winnfield enforce the Alcohol Beverage Control Ordinance provision of the City's code. Further we recommend that the City implement procedures to ensure that all fees collected from the sale of ABO cards are promptly deposited into the City's bank account.

Management's Response:

The Chief of Police for the City of Winnfield has indicated that he will initiate periodic checks on the local businesses who hold an alcohol beverage permit to insure that all are following the Alcohol Beverage Control Ordinance for the City of Winnfield by requiring their employees to purchase an alcoholic beverage handling card. The Chief has also indicated that daily deposits are being made for all monies collected at the police station and that those fees are reconciled monthly against the receipt book.

Attachment II
Legal Provisions

Legal Provisions

R.S. 33:561 provides in part that no municipal officer, employee, or agent shall be financially interested, directly or indirectly, in any contract for the performance of work for, or the furnishing of materials or services to the municipality.

R.S. 42:1112 provides in part that no public servant shall participate in a transaction in which he has substantial economic interest of which he may be reasonably expected to know involving the governmental entity.

