

LEGISLATIVE AUDITOR
STATE OF LOUISIANA



———— VILLAGE OF PLEASANT HILL ————

FRAUD AND ABUSE AUDIT
ISSUED SEPTEMBER 22, 2004

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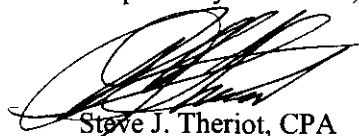
HONORABLE SUE THOMAS, MAYOR
VILLAGE OF PLEASANT HILL
Pleasant Hill, Louisiana

We have conducted an audit of the Village of Pleasant Hill (Village) in accordance with Title 24 of the Louisiana Revised Statutes. Our audit was performed to substantiate or refute an allegation of improprieties with traffic and misdemeanor citations within the Village of Pleasant Hill Police Department.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*; therefore, we are not offering an opinion on the Village's financial statements or system of internal control, nor assurance as to compliance with laws and regulations.

The accompanying report presents our findings and recommendations as well as management's response. Copies of this report have been delivered to the District Attorney for the Eleventh Judicial District, Louisiana State Board of Ethics, and others as required by state law.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

LT:DD:DGP:dl

[VPH04]

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Traffic and Misdemeanor Citations

For the period January 2001 through December 2003, the chief of police reduced to lesser offenses 74 traffic citations before their court dates, did not deposit \$579 collected from seven traffic citations, did not process 14 traffic citations, and cannot account for 15 traffic citations.

For the period January 2001 through December 2003, the Village of Pleasant Hill Police Department (police department) issued approximately 900 traffic citations. Of these 900 traffic citations:

1. Chief of Police Ray Williams reduced, to a lesser offense, 74 traffic citations before their court dates. The citations were reduced from speeding or disturbing the peace to seat belt violations, and the tickets were paid before the court dates. Chief Williams, who has been the chief since 1993, stated he has altered the offense on citations or changed them to warnings before the court date not knowing it was unlawful for him to do so. Louisiana Revised Statute (R.S.) 32:398.2 (B), (C), provides, in part, traffic citations shall be disposed of only by trial in the court of proper jurisdiction or any other official action by a judge of the court and that it shall be unlawful for any traffic enforcement officer to dispose of a traffic citation or copies thereof or the record of the issuance of the citation in a manner other than by the court. Chief Williams should have allowed traffic citation offenders to appear in court, at which time he could have recommended to the judge the offense be changed.
2. The police department did not deposit into its bank account \$579 collected from seven paid traffic citations. The citations had receipts stapled to them and were marked paid in the citation logbook. There was no record of the citations being deposited on the bank deposit slips or on the general ledger deposit sheets. Reconciliations of traffic citations and collections to deposits should be performed by an independent employee or, alternatively, reviewed by a supervisor.
3. The Village did not process 14 traffic citations. After a citation is issued, it is supposed to be delivered to the police department's administrative assistant and the administrator writes on the citation the fine amount and enters the citation information into the citation logbook. When the citation is paid, a receipt of the payment is supposed to be attached to the citation. Fourteen citations were held by Chief Williams, contained no fine amount, were not entered into the logbook, and did not have attached receipts. R.S. 32:398.2(A) provides, in part, that the original citation shall be deposited with the court having jurisdiction over the alleged offense.
4. Fifteen traffic citations issued could not be located. Chief Williams stated he was not aware he had to account for each citation issued; for example, if a citation was soiled, it was thrown into the trash. R.S. 32:398.2(D) provides, in part, that all traffic officers under the chief administrative officers supervision are to return to him a copy of every traffic citation which was issued by the officer.
5. In addition to missing traffic citations, misdemeanor citations, such as disturbing the peace, could not be accounted for. Chief Williams does not maintain a record of the issuance of citation books to his officers. Finally, Mayor Betty Sue Thomas stated and Chief Williams confirmed there is no record of the court's disposition of traffic and misdemeanor citations. R.S. 32:398.1(A), (B) and 32:398.2(E) provide, in part, that the chief administrative officer shall issue citation books, maintain a record of each book and each citation contained therein issued to all individual members of the traffic enforcement agency and shall require a receipt for each book issued. Also, the chief administrative officer shall maintain or cause to be maintained in connection with every traffic citation issued a record of the disposition of the charge by the court in which the original copy of the traffic citation was deposited.

VILLAGE OF PLEASANT HILL

Chief Williams must fully comply with the laws that govern the issuance of traffic and misdemeanor citations. He cannot create his own arbitrary system for the administration of justice in the Village.¹

Chief Williams should ensure accountability for each citation issued and its disposition in court. This could be accomplished by maintaining a spreadsheet that contains the history of the traffic citation. At minimum, the spreadsheet should include a record of each ticket book by citation number and the signature of the officer it was issued to. When an officer requests a new book, the book previously issued should be reconciled to ensure that each citation is accounted for. The spreadsheet should also include for each citation issued, the date of issuance, the amount of the alleged offense, court date, the disposition of the citation in court, and amount paid. Failing to deposit all fine collections, failing to process traffic citations, and altering and/or reducing the offense on traffic citations result in lost revenues to the Village.

Lack of Operational Policies and Procedures

Although the Village is performing many business operations correctly, the following are areas of operational policies and procedures not committed to writing or require functional improvement. The police department currently has no written policies or procedures and needs to improve its business operations.

1. **Purchasing:** There are no written policies or procedures for purchasing. At a minimum, the Village should use requisitions approved by the mayor for all purchases. The receipt or invoice and a copy of the proof of payment should be attached to the requisition to validate each purchase.
2. **Budgeting:** Though the Village does discuss and adopt its budget during board meetings and revisions are adopted through resolutions, there are no written procedures for preparing, adopting, monitoring, and amending the budget. The Village should incorporate detailed procedures for preparing, adopting, monitoring, and amending the budget. Monitoring should include performance measures such as comparing actual to budgeted revenues and expenditures.
3. **Monthly Financial Statements:** The Village presents each board member with copies of monthly financial statements at board meetings. However, there are no written policies or procedures to provide for the nature, extent, and frequency of financial reporting. The monthly financial statements do not include a comparison with the adopted budgets. The Village should develop policies outlining the nature, extent, and frequency of financial reporting and provide board members with a comparison of the adopted budget to actual revenue and expenses in the monthly financial statements.
4. **Disbursements:** The Village performs the following disbursement procedures that should be committed to writing: the Mayor reviews invoices then presents them to the board for approval and payment; the invoices or receipts are stapled to the checks issued; paid invoices are marked "paid"; checks are safe guarded in a locked file drawer; and IRS 1099 forms are filed.
5. **Credit Cards:** The Village documents the business purpose for the charges on the Fuel Man credit cards. However, there are no written policies or procedures for the use of the credit cards. The Village should commit to writing its current procedures regarding the Fuel Man gas/diesel cards.
6. **Travel:** To lessen the burden of travel expenses on the Village, the mayor and the utility supervisor do not charge the Village for mileage or meals when they travel. They only request reimbursement for hotel expenses. The Village should adopt a travel policy that contains per diem amounts for each category of

¹ R.S. 32:398.3(A), provides that any person who cancels or solicits the cancellation of any traffic citation, in any manner other than as provided in this Part, shall be guilty of a misdemeanor, and shall, upon convictions, be fined not more than five hundred dollars or imprisoned for not more than six months or both.



expenditure--hotel, meal, and mileage expense. Guidance to appropriate per diem amounts can be found in the *Louisiana State Travel Guide*.

7. Payroll and Attendance Records: The Village uses time cards and a time clock to verify hours worked. The time cards are reviewed, but there are no written procedures relating to time and attendance records or payroll processing. The Village does account for vacation and sick leave accruals and has a written vacation and sick leave policy. In addition, the Village maintains personnel files for each employee that contains the employee's approved rate of pay and his/her state and federal withholding forms. The Village should include in the personnel files an I-9 form, an employment application, and a job description, which are minimum requirements, and commit to writing its current practices on time, attendance, and payroll processing.
8. Bank Reconciliation: The Village does perform bank reconciliations on a monthly basis. However, the same employee deposits funds and reconciles the bank account. The Village should continue to perform monthly bank reconciliations, but provide better accountability and value through segregation of duties. For example, the employee responsible for writing checks should not reconcile the bank account.
9. Accounts Receivable: The Village should commit to writing the procedures it currently performs, such as monthly reconciliations of customer meter deposits in the general ledger with customer accounts; performing a monthly reconciliation of accounts receivable; and approving bill adjustments and write-offs of uncollectible accounts. In addition, these reconciliations should be performed by an independent employee or, alternatively, reviewed by a supervisor. Finally, there are no written policies or procedures for collecting delinquent accounts receivable. The Village should develop and implement procedures to collect on delinquent accounts to afford the Village every opportunity to collect revenue.
10. Capital Assets: The Village maintains a detailed list of capital assets and performs physical inventories yearly. However, there are no written policies or procedures for recording capital assets and its assets are not tagged. Tagging assets would provide greater accountability and aid in preventing unauthorized use and theft. The Village should develop a written inventory policy and tag all physical assets.
11. Ethics: There is no written policy addressing ethics. The Village should develop a policy to ensure employees, board members, and vendors are aware of the provisions of the Code of Governmental Ethics.
12. Confiscated Weapons and Drugs: There are no written policies or procedures for recording, maintaining, and disposing of confiscated weapons. There is no log to identify items placed in or removed from the evidence control locker. The Village does not retain possession of confiscated drugs. Seized drugs are transferred to the Sabine Parish Sheriff's Office. The Village should develop policies and procedures for recording, maintaining, and disposing of confiscated weapons and transferring seized drugs to the Sheriff's Office.
13. Information System Controls: There are no written policies or procedures governing information systems. The Village does not have a written back-up contingency and recovery plan in the event of a disaster although it is backing up files daily. The Village does store copies of its utility files with its accountant. However, the Village does not back up police department files in a secure location (offsite) or test its ability to recover information. The Village should develop and implement a back-up contingency and recovery plan in the event of a disaster and store the backed-up information in a secure location.

Finally, having written policies and procedures will strengthen the Village's current practices and provide a framework for present and future Village employees to perform the business operations necessary to provide accurate accountability of Village assets and help prevent fraud.





BACKGROUND AND METHODOLOGY

The Village is a municipality created by Louisiana Revised Statute 33:231, the Lawrason Act. The Mayor and the Board of Aldermen are the governing authority for the Village, which is a municipality of Sabine Parish, a political subdivision of the State of Louisiana. An elected Chief of Police and two officers provide the law enforcement for the Village. The Mayor, Board of three Aldermen, and the Chief of Police serve four-year terms. The current Mayor has only served an 18-month term because of the former Mayor's death.

The duties of the Village include, but are not limited to, the levy and collection of taxes and occupational licenses, the collection and maintenance of water and sewer utilities, and the issuance, collection and disposition of citations by the police department. Revenue sources for the Village are derived from the aforementioned collections and various other state and federal grants.









BETTY THOMAS
MAYOR

Village of Pleasant Hill

8336 PEARL STREET
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ALDERMEN
EDWARD G. ARNOLD
VINCENT SCOTT
ELVERA SHANNON

CHIEF OF POLICE
TOMMY RAY WILLIAMS

August 19, 2004

Mr. Steve Theriot
Legislative Auditor
Office of Legislative Auditor
State of Louisiana
P.O. Box 94937
Baton Rouge, LA 70804-9397

Dear Mr. Steve Theriot

The Village of Pleasant has received a copy of the audit report given by your office in accordance with Title 24 of the Louisiana Revised Statutes.

In response to the recommendations that were given concerning the findings of the audit, we give this response. Policies are being written to govern all purchases that are being made by the Village as well as the Police Department. The Mayor and the Council are also working on policies that will address credit card use, travel expenses incurred by Village officials and all other operational policies that were recommended by the audit committee.

The administrative staff has almost completed the policies that govern the Village's information system. The Village of Pleasant Hill is in agreement with all recommendation given by the committee and are trying to rectify all discrepancies in their system. They will be also implementing procedures addressing budgeting, disbursements, payroll, and attendance of the employees.

I would like to thank your staff for all the assistance and guidance that was given to the Village of Pleasant Hill.

Respectfully,

A handwritten signature in cursive script that reads "Betty S. Thomas".

Betty Sue Thomas, Mayor
Village of Pleasant Hill



BETTY THOMAS
MAYOR

Village of Pleasant Hill

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06 AUG 30 AM 11:22

ALDERMEN
EDWARD G. ARNOLD
VINCENT SCOTT
ELVERA SHANNON

CHIEF OF POLICE
TOMMY RAY WILLIAMS

To Whom It May Concern:

The Police Department has addressed the problem we had by using a spread sheet to keep up with every traffic citation issued. It will contain the following information from each ticket book: citation number, signature of the officer issued it, the date of issuance, the amount of the alleged offense, court date, the disposition of the citation in court, and the amount paid.

I thank the auditor for coming in . Because it helped me a lot. Things I just didn't know that I was doing incorrect. Now by knowing the right procedures in running the police department, I will be able to maintain the Police Department more efficiently.

If there is any more information you need please fill free to contact me.

Ray Williams, Chief of Police

Pleasant Hill Police Department