

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Village of Collinston  
Collinston, Louisiana

August 27, 1997



***Audit Resolution Report***

---

---

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

**LEGISLATIVE AUDIT ADVISORY COUNCIL**

**MEMBERS**

Representative Francis C. Thompson, Chairman  
Senator Ronald C. Bean, Vice Chairman

Senator Robert J. Barham  
Senator Wilson E. Fields  
Senator Thomas A. Greeno  
Senator Craig P. Remers  
Representative F. Charles McMaine, Jr.  
Representative Edwin R. Murray  
Representative Warren J. Triche, Jr.  
Representative David Vitter

**LEGISLATIVE AUDITOR**

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

**DIRECTOR OF POLICY AND QUALITY ASSURANCE**

Grower C. Austin, CPA

**VILLAGE OF COLLINGTON**

Collinston, Louisiana

**Audit Resolution Report**

Dated July 10, 1967

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

August 27, 1967

Village of Collinston  
Collinston, Louisiana

**CONTENTS**

	<b>Page</b>
Legislative Auditor's Transmittal Letter	2
Background and Methodology	3
Conclusions	4
Findings and Recommendations	6
	<b>Attachment</b>
Management's Responses	i



OFFICE OF  
LEGISLATIVE AUDITOR  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-0007

1600 NORTH BLVD SUITE 1100  
PORT ORFICE, LA 70301-1007  
TELEPHONE: (504) 384-1000  
FACSIMILE: (504) 384-1000

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

July 10, 1987

HONORABLE FRANCIS G. THOMPSON, CHAIRMAN,  
AND MEMBERS OF THE LEGISLATIVE  
AUDIT ADVISORY COUNCIL  
Baton Rouge, Louisiana

Transmitted herewith is our report on the examination of the Village of Collinston (village). Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine whether the village has taken appropriate action in response to findings cited in the reports and management letters dated March 27, 1985, May 15, 1986, and April 3, 1987, issued by Hill, Irvine & Company, Certified Public Accountants.

The accompanying report includes unresolved audit findings. We will continue to monitor those audit findings until the findings are resolved by management.

Copies of this report have been delivered to the mayor and aldermen of the village of Collinston and other authorities as required by state law.

Respectfully submitted,

Daniel G. Kye, CPA, CFE  
Legislative Auditor

DGK:GLB:sls

\*\*\*\*\*

LEGISLATIVE AUDITOR

VILLAGE OF COLLINGTON  
Collinston, Louisiana

**BACKGROUND AND METHODOLOGY**

Hill, Innes & Company, Certified Public Accountants, issued an audit report and accompanying management letter dated March 21, 1995, on the financial statements of the Village of Collinston (village) for the year ended December 31, 1994. The audit report and management letter included numerous internal control deficiencies and violations of state laws and regulations.

In addition, Hill, Innes & Company issued an attestation report and accompanying management letter dated May 15, 1995, and an attestation report dated April 3, 1997, on applying agreed-upon procedures relating to representations made by the board for the years ended December 31, 1995 and 1996, respectively. The attestation reports and management letter included several internal control deficiencies and violations of state laws and regulations.

We visited the village to determine whether appropriate action was taken to correct the matters included in the reports and management letters. Our procedures consisted of the following: (1) examining selected village records; (2) interviewing certain employees of the village; (3) reviewing applicable Louisiana laws, Louisiana Board of Ethics' rulings, and Attorney General opinions; and (4) making inquiries to the extent we considered necessary to achieve our purpose.

LEGISLATIVE AUDITOR

VILLAGE OF COLLINGTON  
Collinston, Louisiana

CONCLUSIONS

Based on the results of the procedures performed during our visit to the village, we conclude that management of the village has taken the following steps to resolve the findings contained in the reports and accompanying management letters dated March 27, 1996, May 15, 1996 and April 3, 1997:

1. The village's fiscal year 1997 budget was adopted timely (December 30, 1996).
2. Purchase orders for all purchases of materials and supplies are prepared.
3. Supporting documentation is maintained for all disbursements made by the village.
4. All disbursements are made for valid village business and do not violate Article VII, Section 14 of the Louisiana Constitution of 1974.
5. Board minutes are signed by the mayor and village clerk.
6. Deposits required by the bond agreement are made timely (by the 20th of the month).
7. Insurance is maintained on the water and sewer system as required by the bond agreement.
8. The United States Department of Agriculture is accepting the annual completion and attention report in lieu of an annual audit.
9. The village has a blanket bond that includes the mayor, village clerk, and aldermen.
10. All village demand deposit accounts are in interest-bearing accounts.
11. Evidence of receipt of goods is documented before payment is made.

Management of the village did not address the finding relating to maintaining detailed fixed asset records included in the Hill, Inoué & Company audit report dated March 28, 1996.

As we received the findings contained in the Hill, Inoué & Company reports and management letters, the following matters came to our attention:

1. Controls and procedures over receipts and disbursements need to be improved.
2. Monthly financial statements should be prepared and used to monitor the village's fiscal operations and budget.

LEGISLATIVE AUDITOR

VILLAGE OF COLLINGTON  
Collinston, Louisiana

FINDINGS AND RECOMMENDATIONS

---

**Fixed Asset Records and  
Procedures Needed**

Detailed fixed asset records are not maintained, assets are not tagged, and physical inventories of fixed assets are not being conducted timely. Louisiana Revised Statute (R.S.) 24:515(B)(1) requires the village to maintain records of all land, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired. In addition, good internal controls over fixed assets require that (1) every asset includes a tag identifying it with a number that can be cross-referenced to the detailed fixed asset records, and (2) a physical inventory be conducted on at least an annual basis.

Management of the village should (1) adopt a written policy to define assets that will be inventoried, including the minimum value for inclusion on the list of fixed assets, (2) prepare a detailed list of fixed assets (the list should include the date of purchase and the initial cost), (3) take a physical inventory at least annually, and follow up on items not found during the physical inventory, and (4) identify (tag) assets that belong to the village and include the tag number on the listing of fixed assets.

---

**Need to Improve Controls over Receipts and Disbursements**

Controls over receipts and disbursements need to be improved. The control weaknesses are:

- Deposits are not made timely. Deposits are made once a week and sometimes twice a week if a significant amount of cash is received. There was \$5,822 in cash and checks in the cash drawer on the date of our visit. This represented collections received over several days.
- Cash receipts are not deposited intact. For example:
  - A postage receipt was included in the cash receipts drawer which indicated that postage was purchased from cash receipts.
  - An individual overpaid his traffic fine and the overpayment was not deposited or refunded to the individual.
- Copier fees (\$.25 per copy) and copier paper and supplies purchased are not recorded as revenue and expenditures, respectively. Copier fees are accumulated in the cash drawer and copier paper and supplies are purchased with these fees. There is no

Village of Collinston  
 Collinston, Louisiana  
 Findings and Recommendations (Continued)

Management of the village should (1) use an accounts receivable control account for water/sewer receivables; (2) reconcile the accounts receivable control account with the accounts receivable subsidiary ledger on a monthly basis; (3) prepare an accounts receivable aging (accounts receivable balances by the number of days past due) each month to monitor the collection efforts; (4) update and balance the detailed listing of customers' meter deposits with the cash account; and (5) reconcile the meter deposit bank account with the detailed listing of individual customer deposits on a monthly basis.

**Payroll Procedures Need Improvement**

Payroll procedures need to be improved. Our review of payroll and personnel records revealed:

- Individual employee personnel files are not maintained.
- Form I-9 - "Employment Eligibility Verification" is not maintained on all employees hired after November 8, 1986, as required by the United States Department of Justice Immigration and Naturalization Service.
- There is no documentation on file of approved salary/wage amounts paid to employees.
- Employees do not complete time reports.
- There is no policy regarding earning or taking vacation leave, sick leave, or holidays. In addition, there are no records maintained to document whether employees earn or take vacation leave, sick leave, or holidays.

Although the village has only four employees, with minimal effort, management of the village can significantly improve controls over payroll. There is no need for complex policies, procedures or forms. Management of the village should:

1. Maintain individual employee personnel files that include, at a minimum, (a) an employment application form; (b) approved salary or rate of pay amount; (c) the Employee's Withholding Allowance Certificate Form W-4 and State of Louisiana Employee Withholding Exemption Certificate Form L-4; (d) approved salary or hourly rate rate increases/decreases; (e) annual performance appraisals; and (f) the completed Form I-9 - United States Department of Justice Immigration and Naturalization Service "Employment Eligibility Verification" for all employees hired after November 8, 1986.
2. Require all employees to complete simple time reports to document hours worked. The time reports should be approved by the appropriate supervisor.

## Attachment I

### Management's Responses

Deposits are being made 2 times a week or more if large amount of cash

Cash receipts are deposited (copy money etc.)  
Griffie's line money has been taken care of.

Paid invoices are marked paid.  
Bank statements reviewed by Mayor and Receiver.

Meter deposits are being resolved.  
Financial statements are being prepared and presented at Council meetings.

Byroad procedures are being resolved.  
Will get forms 1-9 for Employees.

Documents for Salary/Wage will be done.  
Time sheets are being prepared.

Inventory will be taken on fixed assets.

Will contact Ethics Board concerning telephone and page service.

Flora Dick  
Clerk  
Village of Collinston