

TOWN OF BALDWIN



INVESTIGATIVE AUDIT  
ISSUED JANUARY 6, 2016

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ROGER W. HARRIS, J.D., CCEP

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

January 6, 2016

**THE HONORABLE DONNA LANCESLIN, MAYOR  
AND MEMBERS OF THE BOARD OF ALDERMEN  
TOWN OF BALDWIN**  
Baldwin, Louisiana

We have audited certain transactions of the Town of Baldwin. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the validity of allegations we received.

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*.

The accompanying report presents our findings and recommendations as well as management's response. This is a public report. Copies of this report have been delivered to the District Attorney for the 16<sup>th</sup> Judicial District of Louisiana and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

DGP/ch

BALDWIN 2015



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## EXECUTIVE SUMMARY

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### **Cash Payments Not Deposited**

Town of Baldwin (Town) records indicate that from July 10, 2014 through June 15, 2015, cash payments totaling \$63,504 were received and/or recorded as received but were not deposited into the Town's bank accounts. Although three Town employees collected payments during this period, former Office Clerk Natasha Lancelin was primarily responsible for receiving, recording, processing, and/or depositing nearly all of the missing funds. These records indicate that Ms. Lancelin failed to properly record cash payments and created false public records to conceal cash amounts collected but not deposited. By failing to properly record all cash payments and falsifying public records to conceal cash payments not deposited, Ms. Lancelin may have violated state law.





## BACKGROUND AND METHODOLOGY

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The Town of Baldwin (Town) is located in St. Mary Parish and has a population of 2,436 (2010 Census). The Town was incorporated in 1913 under the provisions of the Lawrason Act and has a mayor-board of aldermen form of government. The Town provides utility, public safety (police), and general administrative services.

In June 2015, Town employees noticed that several utility payments were collected but not deposited. The Town's contract accountant reviewed records and observed a possible \$23,000 discrepancy between cash utility collections and deposits. Of the days in which cash collections were not deposited, the contract accountant noted at least one occasion in which Office Clerk Natasha Lancelin was the only clerk present. As a result, Ms. Lancelin's employment was terminated and Town officials notified the St. Mary Parish Sheriff's Office and the Louisiana Legislative Auditor (LLA) of a possible misappropriation of public funds.

The District Attorney of the 16<sup>th</sup> Judicial District (District Attorney) requested that LLA review available records to determine if funds were collected but not deposited into the Town's accounts. The procedures performed during this audit included:

- (1) interviewing Town employees;
- (2) interviewing other persons as appropriate;
- (3) examining selected Town documents and records;
- (4) gathering and examining external parties' documents and records; and
- (5) reviewing applicable state laws and regulations.

During our audit, we received assistance from the District Attorney's Office and the St. Mary Parish Sheriff's Office. Their assistance was instrumental to the completion of this audit.



## FINDING AND RECOMMENDATIONS

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### Cash Payments Not Deposited

**Town of Baldwin (Town) records indicate that from July 10, 2014 through June 15, 2015, cash payments totaling \$63,504 were received and/or recorded as received but were not deposited into the Town's bank accounts. Although three Town employees collected payments during this period, former Office Clerk Natasha Lancelin was primarily responsible for receiving, recording, processing, and/or depositing nearly all of the missing funds. These records indicate that Ms. Lancelin failed to properly record cash payments and created false public records to conceal cash amounts collected but not deposited. By failing to properly record all cash payments and falsifying public records to conceal cash payments not deposited, Ms. Lancelin may have violated state law.<sup>1</sup>**

The Town did not have written policies and procedures relating to collections. Payments for utility services, police fines, recreational rentals, permits, and other fees could be paid with cash, check, money order, or credit card. During the period covered by our audit, former Office Clerk Natasha Lancelin was primarily responsible for payment collections. Town Clerk Sonya Jones and Treasurer Trunisha Marks also collected payments when Ms. Lancelin was not available. All clerks recorded utility payments on the customer's two-part bill stub, one part of which was then placed in either of the two unlocked, shared cash drawers. Payments made for anything other than utility bills were recorded in a pre-numbered, multi-copy receipt book and on a daily listing (green sheet) maintained at the front counter.

At the end of each day, Ms. Lancelin totaled the utility stubs and other receipts listed on the green sheet and counted the funds in the drawers. The funds, corresponding utility stubs, and the green sheet were then placed in the safe. The following business day, the utility stubs were given to Ms. Jones to apply payments to customer accounts in the utility billing system. According to Ms. Jones, Ms. Lancelin took over the process of entering payments into the utility system in March 2015. Once the utility payments were entered, a batch payment report from the utility billing system was generated. The utility report and green sheet were used by Ms. Marks or Ms. Lancelin to reconcile funds collected and compile the daily cash receipts report, bank deposit slips, and accounting journal entries. After Ms. Lancelin's employment with the Town began in March 2014, Ms. Marks' involvement with the deposit process decreased gradually until October 31, 2014, when Ms. Marks went on maternity leave. Records confirm that Ms. Lancelin collected, processed, and deposited the majority of payments for the Town during this period.

### Cash Payments Not Deposited

We examined the Town's payment collection records from January 1, 2014 through July 31, 2015, and compared the amounts collected to the Town's bank deposit records. These records indicate that utility, police, rental, permit, and other payments totaling \$63,504 were received and/or recorded as received but were not deposited into the Town's bank accounts. We found that these cash shortages occurred in the following manners:

(1) *\$30,730 in Cash, Non-Utility Payments Not Properly Recorded*

We reconciled non-utility receipts to green sheets and the corresponding deposits and found that \$30,730 in cash payments were collected from July 10, 2014 through June 15, 2015, but were either not recorded on green sheets, or the green sheets appear to have been re-created to conceal payments not deposited. Records indicate that Ms. Lancelin received 72% of the unrecorded payments not deposited. This indicates that she collected the money but failed to record the funds on the green sheet. Ms. Lancelin processed the remaining (28%) payments for deposit and appears to have re-created the associated green sheets to omit the payments which were not deposited.

For example, on July 14, 2014, records indicate that Ms. Marks collected a \$190 cash payment which was not listed on the green sheet and was not deposited. According to Ms. Marks, she is certain that she listed this payment, along with others she received that day, on the green sheet. However, nearly all the entries on the green sheet (including other payments received by Ms. Marks) appear to have been made by Ms. Lancelin. Ms. Marks stated that it appears that Ms. Lancelin replaced the original green sheet (that Ms. Marks made entries on) and re-created it omitting the missing payment.

(2) *\$9,530 in Properly Recorded Cash Payments*

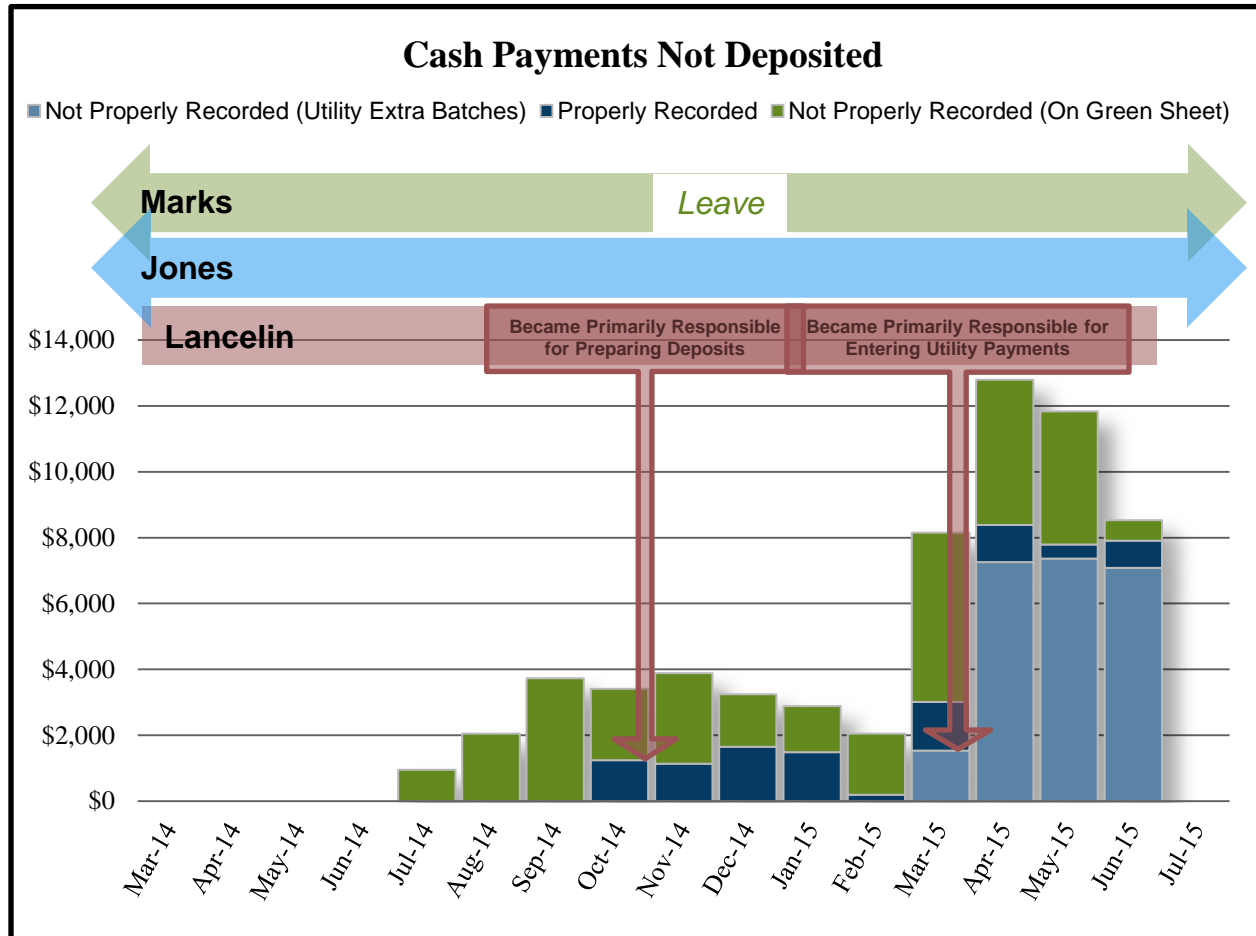
We examined all payment collection, deposit, and utility records and found that \$9,530 in cash payments (utility and non-utility) collected from October 01, 2014 through June 12, 2015, were properly recorded in the utility system and on the green sheet but were not deposited. Records indicate that nearly all deposits associated with these payments appear to have been processed by Ms. Lancelin. As such, it appears that Ms. Lancelin intentionally omitted recorded payments from the deposit reconciliations and corresponding bank deposits.

(3) *\$23,244 in Cash Utility Payments Not Properly Recorded*

We reviewed all utility billing system entries and found \$23,244 in cash utility payments were collected from March 24, 2015 through June 10, 2015, but were not recorded properly in the utility billing system. Records indicate that these cash payments were entered into the utility billing system in 28 batches separate from the other utility funds collected on the same days.

Although these receipts were entered into the utility billing system, they were not included on the daily cash receipts report and not deposited. The first of these batches was entered on March 24, 2015, when Ms. Lancelin was the only clerk present. Ms. Jones stated that she did not enter separate batches into the utility system for cash payments and that these batches were entered after Ms. Lancelin substantially took over the process of posting payments into the utility system.

The following chart illustrates the monies not deposited by month.



Our review of Town records indicated that all recorded payments were deposited from January 1, 2014 through July 9, 2014. It should be noted that Ms. Lancelin, who began employment with the Town on March 25, 2014, was the only new clerk who received payments during this period. In addition, cash shortages ceased after Ms. Lancelin was terminated from the Town on June 17, 2015. Both Ms. Marks and Ms. Jones stated that they have never taken funds from the Town, and that Ms. Lancelin was primarily responsible for collections and deposits. Ms. Lancelin stated that she did not take money from the Town and could not explain why cash payments that she received and processed were not deposited.

Town records indicate that from July 10, 2014 through June 15, 2015, cash payments totaling \$63,504 were received and/or recorded as received, but were not deposited into the Town’s bank accounts. Ms. Jones, Ms. Marks, and Ms. Lancelin – the three clerks responsible for collecting funds during this period – all denied taking the missing funds. However, it appears that Ms. Lancelin failed to properly record payments and created false public records to conceal cash payments collected but not deposited. By failing to properly record all cash payments and falsifying public records to conceal cash payments not deposited, Ms. Lancelin may have violated state law.<sup>1</sup>

### Recommendations

We recommend that the Town consult with legal counsel to determine the appropriate legal actions to be taken, including recovery of the missing funds. We also recommend that Town management develop and implement policies and procedures to ensure that payments collected by the Town are accounted for and deposited daily in accordance with state law.

Town management should:

- (1) require that all funds collected are adequately documented, accurately recorded, and deposited daily in accordance with state law;
- (2) review and compare the daily total deposits to the total receipts on a regular basis and immediately investigate any differences;
- (3) ensure that employees are properly trained on cash handling policies and procedures;
- (4) require each clerk to maintain their own separate cash drawer and prohibit them from working out of each other's drawer;
- (5) require that all cash drawers are maintained and locked at all times and balanced on a daily basis;
- (6) require all funds be secured until a daily deposit is made;
- (7) require that all electronic systems are password protected and require each user to use a unique account;
- (8) maintain a current and accurate list of paid and outstanding citations, audit each record of traffic citations at least quarterly, and otherwise comply with the Uniform Traffic Citations Law (Louisiana Revised Statute 32:398.1, et seq.); and
- (9) require all employees to maintain detailed time and attendance records.

## LEGAL PROVISIONS

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<sup>1</sup> **Louisiana Revised Statute (La. R.S.) 14:67(A)** 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. An intent to deprive the other permanently of whatever may be the subject of the misappropriation or taking is essential.”

**La. R.S. 14:132(B)** provides that “Second-degree injuring public records is the intentional removal, mutilation, destruction, alteration, falsification, or concealment of any record, document, or other thing, defined as a public record pursuant to R.S. 44:1 et seq. and required to be preserved in any public office or by any person or public officer pursuant to R.S. 44:36.”

**La. R.S. 14:133(A)** provides that “Filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, of any of the following: (1) Any forged document. (2) Any wrongfully-altered document. (3) Any document containing a false statement or false representation of a material fact.”

**La. R.S. 14:134(A)** provides 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; or (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.”

**La. R.S. 42:1461(A)** provides that “Officials, whether elected or appointed and whether compensated or not, and employees of any ‘public entity,’ which, for purposes of this Section shall mean and include any department, division, office, board, agency, commission, or other organizational unit of any of the three branches of state government or of any parish, municipality, school board or district, court of limited jurisdiction, or other political subdivision or district, or the office of any sheriff, district attorney, coroner, or clerk of court, by the act of accepting such office or employment assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other thing of value belonging to or under the custody or control of the public entity in which they hold office or are employed.”





## APPENDIX A

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### Management's Response



SONYA L. CHARLES, CMC  
TOWN CLERK  
JOSEPH TABB  
TOWN ATTORNEY  
HARRY SMITH  
CHIEF-OF-POLICE

  
Donna Lanceslin, MAYOR

ALDERMAN  
HERBERT "H.B." BELL  
MARGARET COLEMAN  
THOR FREDERICK  
GENE ST. GERMAIN  
CLARENCE VAPPIE

**TOWN OF BALDWIN**

P. O. BOX 800  
800 MAIN STREET  
BALDWIN, LOUISIANA 70514  
PHONE: 337.923.7523 • FAX 337.923.7524

December 11, 2015

Mr. Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor  
P O Box 94397  
Baton Rouge, LA 70804-9397

RE: Legislative Audit Report re:  
Audit Letter dated 12/3/2015

Dear Sir:

First, I want to thank your agency and auditors for responding to the Town's request for help in identifying misappropriated/missing funds and the person allegedly responsible for the same. With your help, together with local law enforcement, we feel confident that we have identified the manner in which the misappropriation occurred and accordingly, we have taken certain actions to ensure that the chances of this happening again are greatly reduced.

Pursuant to your recommendations, we have taken the following actions and implemented the following procedures:

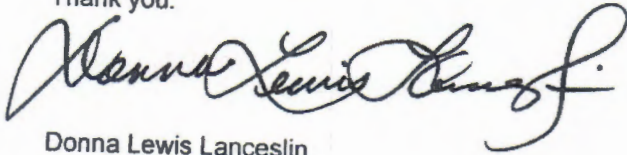
1. All funds collected will be deposited daily in accordance with state law and documented, and accurately recorded;
2. The daily total deposits and receipts will be reviewed and compared on a daily basis;
3. The Mayor has discussed cash handling procedures with all office employees and as such, they have been trained to produce electronic receipts which are input immediately into the billing and collection system;
4. Each clerk has her own separate cash drawer and is not allowed to work in another clerk's drawers;
5. The Town has purchased new cash drawers which lock;
6. All funds will be secured until a daily deposit is made;
7. All electronic systems have passwords and each user has a unique account ID;
8. Beginning January 1, 2016, there will be a list of paid and outstanding citations which will be audited, internally, quarterly; and
9. All employees are required to clock in and clock out on the time keeper system which also documents employee attendance records;

We trust that with the implementation of the procedures above, the chances of future misappropriations by an employee will be greatly reduced. Again, thank you for cooperating and assisting in our investigation and helping us resolve this matter. The District Attorney's Office has also been contacted

and the Town of Baldwin intends to fully cooperate with the prosecution of the person you have identified as a suspect in this matter.

Should you have any questions, please do not hesitate to contact me by phone at (337) 923-7523.

Thank you.

A handwritten signature in black ink, appearing to read "Donna Lewis Lanceslin". The signature is written in a cursive, flowing style with a large initial "D" and "L".

Donna Lewis Lanceslin  
Mayor