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October 13, 2004

Mr. Mike Hardy, President,
and Members of the Vermilion Domestic Abuse
Intervention Project, Inc., Board of Directors
P.O. Box 1496
Abbeville, Louisiana 70511-1496

Dear Mr. Hardy:

We performed a limited review of the financial records of the Vermilion Domestic Abuse Intervention Project, Inc., (DAIP) for the period beginning January 1, 2003, and ending December 31, 2003. The scope of our work was significantly less than those required by *Government Auditing Standards* in the audit of financial statements; therefore, we are not offering an opinion on DAIP's financial statements or system of internal control nor assurance as to compliance with laws and regulations.

DAIP offers substance abuse classes in Abbeville and domestic abuse classes in Abbeville, Eunice, and Rayne to offenders ordered by the court to attend the classes. DAIP collects fees from participants who attend classes and court ordered fines from participants who fail to attend the classes. The participants are listed on class rosters and given receipts for payment of fees and fines made in person to DAIP; no receipts are given for mail-in payments.

We reviewed certain financial transactions of DAIP and the *Checklist of Best Practices in Government* with the current director. We offer the following comments and suggestions:

Undeposited Funds

DAIP did not retain a complete record of class rosters and receipts. In addition, DAIP did not deposit all funds collected. We compared bank deposits to available pre-numbered receipts and rosters and determined from January 1, 2003, to December 31, 2003, at least \$1,600 was collected but not deposited into DAIP bank accounts; the funds collected remain unaccounted for (the funds may have been used for operating expenses; see Cash Collections).

Mr. Mike Hardy, President,
and Members of the Vermilion Domestic Abuse
Intervention Project, Inc., Board of Directors
October 13, 2004
Page 2

Louisiana Revised Statute (R.S.) 44:36 "Public Records" requires public records to be maintained for three years from the date the public record was made. We recommend DAIP comply with R.S. 44:36. We also recommend, at a minimum, a log be maintained of payments mailed to DAIP.

Funds Not Deposited Timely

Funds collected at the Abbeville substance abuse classroom and DAIP main office were placed in a lockbox in the main office. According to DAIP staff, the funds were not deposited until the former executive director, Ms. Larita Simoneaux, instructed them to do so.

We recommend DAIP deposit the collections daily.

Cash Collections

According to office staff, cash was removed from the lockbox for various reasons, including to cash personal checks and to purchase office supplies, meals, motel rooms, and gifts. None of the cash taken from the lockbox was supported by invoices or records substantiating the business purposes of the expenditures.

Recently, the board and management of DAIP instituted a policy of accepting only money orders and cashiers' checks as payment for fines and fees. This policy will eliminate the unauthorized use of cash collections. Article 7, Section 14 of the Louisiana Constitution prohibits any political subdivision from loaning, pledging, or donating anything of value to any person, association, or corporation. DAIP should discontinue purchasing gifts and establish a petty cash fund for small purchases, and the board should perform periodic cash counts and reviews of the fund.

Funds Comingled

DAIP had separate bank accounts for domestic abuse and substance abuse fees. However, substance abuse fees and other unidentified collections were deposited into the domestic abuse bank account. The unidentified collections were from payments received through the mail and not identified upon receipt. At the time deposit tickets were completed, no effort was made to identify the composition of the deposits by substance abuse fees, domestic abuse fees, or fines, thereby making it difficult to account for the collections. Currently, DAIP deposits all receipts into one bank account.

Mr. Mike Hardy, President,
and Members of the Vermilion Domestic Abuse
Intervention Project, Inc., Board of Directors
October 13, 2004
Page 3

We recommend DAIP identify the composition of deposits by class types and fines.

Attendance and Payroll Records

Neither management nor the board reviewed or approved time and attendance records on a regular basis. Records indicate the board never approved Ms. Simoneaux's time sheets for payment. Time sheets for Ms. Simoneaux contain numerous coding errors; days and months were entered incorrectly. In addition, there are conflicts between Ms. Simoneaux's time sheets and the time sheets of class instructors. According to Ms. Simoneaux, she was attending classes. However, according to the instructors, she did not attend some of the classes.

The board and management should implement written policies and procedures for recording and approving employee time and attendance. At a minimum, the policy should describe payroll processing, time and attendance tracking, vacation and sick leave accrual, time sheet approval, and standardized leave forms. In addition, the board should approve the executive director's time and attendance records.

Purchases and Disbursements

In April 2002, the board adopted a policy requiring two signatures on checks written for more than \$500--a board member's and the executive director's. DAIP has no other written policies or procedures for purchases and disbursements. According to office staff and negotiated DAIP checks, Ms. Simoneaux circumvented board policy by having an office clerk (in place of a board member) sign checks for more than \$500. During our review, we observed negotiated checks written to vendors and individuals with no documentation supporting the business purpose of the expenditure.

We recommend the board and management adopt and implement policies and procedures for purchasing and disbursements. At a minimum, these policies should describe purchase approvals, supporting documentation for payment, payment approvals, and proper recording of paid invoices (paid invoices should be marked "paid" to prevent duplicate payment).

Mr. Mike Hardy, President,
and Members of the Vermilion Domestic Abuse
Intervention Project, Inc., Board of Directors
October 13, 2004
Page 4

Segregation of Duties

By separating certain accounting duties such as access to cash and recording of collections and disbursements, management can achieve a greater level of comfort that assets are properly safeguarded and recorded in its financial records. However, because of the small size of DAIP staff, adequate separation may not be possible. Therefore, to achieve this assurance, the board must be active in its oversight function. The board should, at a minimum, periodically reconcile collections to deposits, review disbursements and supporting documentation, and review bank reconciliations.

Travel Reimbursements

Several negotiated checks indicate Ms. Simoneaux was reimbursed for travel expenses. There was no documentation to support the expenditure or the business purpose of the travel. Executive Director Anna Campbell stated DAIP does not have a travel policy.

The board and management should adopt and implement a written travel policy. The policy should address allowable travel, the approval process for travel, supporting documentation, and expense reports for reimbursement.

Gift Purchases

Several negotiated checks made payable to gift shops indicate Ms. Simoneaux was purchasing gifts with public funds. As stated previously, we recommend DAIP comply with Article 7, Section 14 of the Louisiana Constitution.

Cell Phone Usage

DAIP provides cell phones to its staff. However, DAIP does not have written policies and procedures addressing the use of cell phones. Management and the board should adopt and implement policies and procedures for cell phone usage. At a minimum, the policy should include the allowable use of the phone, reimbursement for personal calls, board review of cell phone bills on a monthly basis, and an annual review to determine if the current plan is adequate.

Mr. Mike Hardy, President,
and Members of the Vermilion Domestic Abuse
Intervention Project, Inc., Board of Directors
October 13, 2004
Page 5

Board Minutes

Our review of the board minutes indicate the board did not meet on a consistent basis. We recommend the board meet bimonthly, at a minimum, as required by DAIP bylaws.

Compilation and Attestation

During our review of DAIP financial records, we noted DAIP has never had compilations and attestations prepared for the results of its operations for fiscal years ending before August 15, 2004. R.S. 24:513-514 require not-for-profits that receive more than \$25,000 in public funds to have a compilation/attestation engagement. The fees paid by participants ordered by the court to attend DAIP presented classes are considered public funds.

We recommend DAIP comply with R.S. 24:513-514. DAIP should have compilation/attestations prepared for its fiscal years ending before August 15, 2004. For fiscal years ending after that date, DAIP should have a compilation prepared.

This letter is intended solely for the information and use of the board of directors and management of the Vermilion Domestic Abuse Intervention Project, Inc., and is not intended to be, and should not be, used by anyone other than the board or management. Under R.S. 24:513, this letter is distributed by the legislative auditor as a public document.

If you have any questions, contact me at (225) 339-3839 or Mr. Daryl Purpera at (225) 339-3807.

Sincerely,



Steve J. Theriot, CPA
Legislative Auditor

JLS:DD:DGP:dl



OFFICE OF THE DISTRICT ATTORNEY
15th JUDICIAL DISTRICT

DOMESTIC ABUSE INTERVENTION PROJECT

P.O. Box 1496
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MICHAEL HARSON
DISTRICT ATTORNEY

ANNA L. CAMPBELL
DIRECTOR

October 5, 2004

STEVE THERIOT, CPA
LEGISLATIVE AUDITOR
P O BOX 94397
BATON ROUGE LA 70804-9397

Dear Mr. Theriot:

The following will be in response to the limited review of the financial records of the Vermilion Domestic Abuse performed by your office:

1. Eunice classes no longer conducted by VDAIP.
2. Cash no longer accepted from any clients.
3. All deposits are to be made next business day following class by program Director or employee.
4. DAIP accounts have been consolidated into one account.
5. Substance abuse remains separate bank account.
6. DAIP will no longer purchase any gifts, etc...
7. All deposits are to be coded in order to match appropriate class.
8. Fines collected will be coded as such on deposit slip.
9. Director to be enrolling in QUIK BOOK class for proper bookkeeping skills.
10. All time sheets are to be verified by co-facilitator at conclusion of classes. Time sheets are in turn to be approved to Director and executive board member before payment.
11. Sick/annual leave policy to be discussed at 10-14-04 meeting.
12. All checks less than \$500.00 are signed by executive board member.
13. All checks in excess of \$500.00 to be signed by 2 executive board members.
14. All checks shall have a corresponding invoice/receipt marked paid and kept on file according to month/year.
15. Out of office volunteer(former treasurer) will reconcile bank statements.
16. Board treasurer will review statements and report at board meetings.

Page 2
Steve Theriot
October 5, 2004

17. VDAIP has acquired the services of Langlinais and Broussard CPA firm, namely, Chip Cantrelle to follow Compilation/Attestation regulations.
18. Travel policy to be discussed at 10-14-04 meeting.
19. Cell phone usage to be discussed at 10-14-04 meeting.
20. Bi-monthly meetings began February, 2004.

The Vermilion DAIP Board consists of volunteers concerned with the affects of domestic violence upon our community. We all have the common interest of educating abusers with proper techniques of dealing with potentially violent and stressful situations.

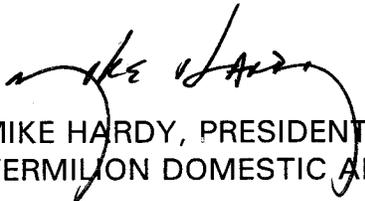
Through the events surrounding the termination of our former director, Larita Simoneaux, we now realize the importance and need for more attention to this program and its financial status. We hope that our program can prosper and continue to help many families live in non-violent environments.

We have cited above some of the changes already in place and those being made in the near future. While these changes are positive, we realize the need for more in order to successfully operate this program in accordance with the rules and regulations of the courts and legislature.

If you have any further questions, please do not hesitate to call.

Hoping that this response will be beneficial, we remain

Very truly yours,



MIKE HARDY, PRESIDENT
VERMILION DOMESTIC ABUSE INTERVENTION PROJECT, INC.