

CITY OF SLIDELL



ADVISORY SERVICES  
PROCEDURAL REPORT  
ISSUED FEBRUARY 28, 2018

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



City of Slidell

February 2018

Audit Control # 70170061

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## Introduction

The Louisiana Legislative Auditor performed certain procedures at the City of Slidell (City) to address the requirements of Act 774 of the 2014 Regular Legislative Session, as amended. The primary purpose of our procedures at the City was to assist the City in evaluating certain controls that the City uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds. Our procedures were more limited than an audit; therefore, we are not issuing an opinion on the City's financial statements nor the effectiveness of the City's internal control over financial reporting and compliance.

## Results of Our Procedures

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### Follow-up on Prior-year Exceptions

We assessed the status/resolution of all exceptions reported in the Agreed-Upon Procedures Report dated December 20, 2016, and concluded that all prior-year exceptions were adequately resolved except for the requirement for an annual ethics certification, which is addressed in the current-year results below.

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### Current-year Results

#### 1. Public Bid Law

We selected the five largest vendor payments during the fiscal year, obtained the related public works contracts, and reviewed supporting documentation for compliance with the Public Bid Law.

**Results:** We did not identify any exceptions.

#### 2. Traffic Tickets

We obtained the City's written policies and procedures over traffic tickets and assessed whether it addressed maintaining ticket books in a secure location.

We also observed the location where unissued ticket books are maintained to assess whether the location is secured and access is limited to personnel not responsible for issuing citations. We inquired of management, reviewed supporting documentation, and confirmed whether ticket books are pre-numbered and issued to officers in numerical sequence. Further, we confirmed whether the City tracks which ticket books are issued to which officers.

We obtained a listing of all ticket books that were issued to officers during the fiscal period, randomly selected ticket books, randomly selected tickets from each book, and attempted to trace tickets to final disposition.

**Exceptions:** We identified the following as a result of our procedures:

- The Police Department's Records Division, which has custody of the supply of unused ticket books, does not maintain documentation of the ticket books that it transfers to the Police Department's Patrol Division for issuance to police officers.
- Patrol Division supervisors have custody/access to unissued ticket books and can also issue citations. Good controls require restricting access to unissued tickets to personnel who do not have the authority to issue citations.
- Although the Patrol Division maintains a log of the ticket books issued to officers, these officers were not acknowledging in writing their receipt of the ticket books.
- Ticket books are not always issued to officers in numerical sequence, and the Police Department does not account for the numerical sequence of all issued citations.
  - A total of 224 ticket books were issued to officers during the year, of which 18 (8%) ticket books were issued out of numerical sequence.
  - One of 20 issued citations that we traced to the Police Department's CAD citation tracking system was not recorded in the system.
- Police Department personnel did not maintain chain of custody documents, which listed the citations transferred to the Slidell City Court, after a period of three months, possibly in violation of Police Department policy. The Police Department's records retention schedule requires that *Chain of Custody Books of Files* be maintained, at a minimum, for one calendar year.
- The Police Department does not track the final disposition of all traffic citations as required by state law. Louisiana Revised Statute 32:398.2.E provides, in part, that the Chief of Police is to maintain in connection with every traffic citation issued by an officer under his supervision, a record of the disposition of the charge by the court in which the traffic citation was deposited.

- The Slidell City Court remits payments to the City for its share of fine collections; however, City personnel do not reconcile those payments to citation disposition information to ensure that the City is receiving the appropriate amount.

**Recommendations:** We advise the Chief of Police and City management to work together to strengthen controls and implement best practices over traffic tickets by:

- Requiring the Records Division to document all transfers of ticket books to the Patrol Division. This documentation should include:
  - The range of ticket numbers being transferred between divisions;
  - The date of transfer;
  - Signature of the Records Division employee handling the transfer; and
  - Signature of the Patrol Division employee receiving the books.
- Requiring dual control over unissued ticket books in the Patrol Division if access to the ticket books cannot be restricted to personnel who are prohibited from writing tickets.
- Requiring officers to sign a form/log when they receive a ticket book. This acknowledgement form should, at a minimum, contain the:
  - Range of ticket numbers in the book that the officer is receiving;
  - Date the officer received the book;
  - Signature of the officer receiving the book; and
  - Signature of the employee issuing the book to the officer.
- Requiring Patrol Division supervisors to maintain a log of all tickets that are returned by officers. Supervisors should review this log before issuing a new ticket book to the officer to verify that all tickets are accounted for before the officer receives a new ticket book.
- Requiring ticket books to be issued to officers in numerical sequence.
- Requiring that all issued citations, without exception, be entered into the CAD system. As part of this process, the Chief of Police should assign a Patrol Division employee to reconcile the supervisor's log of citations returned by officers with the citations recorded in the CAD system on a monthly basis. Any differences should be investigated and resolved on a timely basis.
- Consulting with legal counsel and the state archivist about the chain of custody lists that have not been maintained and whether the records retention schedule

may need to be amended. In addition, Records Division employees should be trained on the contents of the records retention schedule, and the Chief of Police should monitor compliance with the schedule.

- Consulting with the City's legal counsel and coordinating with the Slidell City Court and the 22nd Judicial District Court about the most efficient way for the Chief of Police to obtain the final disposition of all traffic citations so that this information can be maintained as required by law.
- Coordinating with the Slidell City Court to receive the information the Court uses (e.g., violators, citation numbers, fine amounts, allocations) to calculate the payments it remits to the City. The information provided by the Court should be sufficient to allow the City to reconcile the fine monies received with the citation disposition information that is to be maintained by the Police Department.

**LLA Additional Comments:** Management stated in its response that the Court "is unable to provide the type of reports called for by the State Auditor." Our recommendation above does not specify a particular report or the need to create a report. Our recommendation only addresses the City receiving the information already used by the Court when calculating payments to the City. The City should use this existing documentation from the Court to determine the completeness of the payments it receives from the Court and to properly trace to the final disposition of traffic tickets.

### 3. **Utility Collections and Billing Adjustments**

We obtained the City's written policies and procedures over utility collections and adjustments and assessed whether they addressed receiving, recording, and preparing deposits, as well as adjusting utility accounts.

We selected utility collection locations for the City and assessed whether each had documentation that supported whether each person responsible for collecting cash is (1) bonded; (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account; and (3) not required to share the same cash register or drawer with another employee. We also assessed whether utility collections are reconciled to the general and/or subsidiary ledgers by an independent person.

Using supporting documentation, we traced collections to the deposit date on the corresponding bank statement to confirm timely deposit and verified whether cash collections were fully supported. We also evaluated utility adjustments and write-offs to confirm that they were performed by someone independent of the collections and deposit processes and in accordance with written policies and procedures.

**Exceptions:** We noted that certain employees working in the data processing department have access to utility payments (checks and money orders) received by mail and have the ability to record billing adjustments on customer utility accounts. In addition, billing adjustments recorded by these employees were not being compared and agreed to written

authorization (approved billing adjustment documentation) to ensure that the adjustments were proper.

**Recommendations:** The City should strengthen controls over its utility collections and billing adjustments by segregating incompatible duties performed by data processing personnel. That is, employees who have the ability to record billing adjustments should not also have access to utility payments. In addition, the City should reconcile all billing adjustments made to utility accounts monthly to approved billing adjustment documentation. Any differences between actual adjustments and approved adjustments should be investigated and resolved on a timely basis.

#### 4. **Due To/From Accounts**

We obtained a listing of all due to/from accounts from the City and requested supporting documentation to assess whether the balances in the due to/from accounts were properly supported.

**Exceptions:** The City did not reconcile receivables totaling \$444,798.63 recorded in the *Due To/From Grants & Donations* general ledger account at June 30, 2017, to underlying support (e.g., individual grant records).

**Recommendations:** The Finance Director should reconcile the *Due To/From Grants & Donations* general ledger account balance to underlying support monthly. Any differences should be investigated and resolved on a timely basis.

**LLA Additional Comments:** Management stated in its response that the Due To/From accounts are reconciled on a monthly basis. While the total account balances between the General Fund and the Grant & Donations Fund match each other, the Finance Director could not provide the specific transactions that made up the \$444,798.63 balances in these funds as of June 30, 2017. Accordingly, we continue to assert that the accounts are not reconciled to underlying support. Without underlying support to provide an accurate identification of the specific transactions that make up this receivable balance, the City may not be able to collect all funds that are due to the City. Further, if these amounts are not collectable, then the amounts reported may be overstated.

#### 5. **Annual Ethics Certification**

We followed up on the prior-year exception related to the City not having written policies and procedures requiring all employees, including elected officials, to annually attest through signature verification that they have read the City's ethics policy. While not required by state law, this procedure is intended to improve accountability in local government operations.

**Exceptions:** The City's written policies and procedures did not require all employees, including elected officials, to annually attest through signature verification that they have

read the City's ethics policy. We also noted that the City did not have signed verification from the mayor and four other employees selected.

**Recommendations:** We advise City management to update its ethics policies and procedures to require all employees, including elected officials, to annually attest through signature verification that they have read the City's ethics policy.

**LLA Additional Comments:** Management did not respond to the recommendation above.

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## City of Slidell Management Response – General Comments

On the first page of the City's response to our report, the City included several comments that the LLA would like to address, as follows:

- The City stated in its response that cooperation “does not mean to blindly and unintelligently accept recommendations of the Auditor as law, especially those recommendations that require increased expenditures by the City.” The City further noted that “in compelling municipalities to incur unfunded mandates, the Louisiana Legislative Auditor may be in violation of Louisiana Constitution Article VI, Section 14(A)(1).” The City also mentioned “unfunded mandates” several times in other areas of its response letter.

The recommendations in our report address both compliance with laws and regulations and best practices and are intended to minimize the risks of errors, waste, abuse, ethical violations, and fraud. We offer these recommendations for management's consideration to improve their operations and controls. We base our recommendations on our experience with more than 4,000 government and quasi-public entities the LLA oversees. Many best practices, such as segregation of duties, are not specifically required in law but are designed to protect public assets. While these best practices come at a cost, they should not be characterized as “unfunded mandates” because each government has the right to accept a higher level of risk rather than adopting these practices. The City, therefore, has a choice and must weigh both the costs and benefits of implementing our recommendations.

- Under the subtitle “Reputation of Local Government – City of Slidell,” the City states the LLA's identification of exceptions and recommendations “unjustifiably and unreasonably tarnish the reputation and public perception of local government.” The City further notes that “the public is not advised, with the same emphasis, that the local government is in compliance with Louisiana law even though the Auditor may make recommendations.”

The LLA's mission is to promote accountability and transparency in local government. In fact, the language in Act 774 relative to St. Tammany Parish begins with the phrase “to provide enhanced additional oversight by the Louisiana

Legislative Auditor...the legislative auditor shall establish the criteria for procedures which shall be performed in addition to annual reporting requirements...” While a governing body may be fully complying with applicable laws and regulations, it may still fail to fulfill its fiduciary responsibility to eliminate waste and abuse of public funds. Without exception, every publicly funded governmental agency should continually seek to improve its operations and controls to meet both its legal and fiduciary responsibilities. We firmly believe that the citizens of Slidell deserve a city government that is responsive to implementing best practices to minimize the risk of errors, waste, ethical violations, and fraud, and not a city that simply meets the minimum requirements of law.

Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is written in a cursive style with a large initial "D" and "P".

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

DGP/aa

SLIDELL 2017



## **APPENDIX A: MANAGEMENT'S RESPONSE**





# *The City of Slidell*

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**FREDDY DRENNAN**  
MAYOR

## **City of Slidell Management Response**

The City of Slidell ("City") prides itself on its history of "good government." The City recognizes the role of the Louisiana Legislative Auditor ("State Auditor" and/or "Auditor(s)") and has and will continue to fully cooperate with assigned Auditors. Cooperation, however, must be defined. Louisiana law requires all political subdivisions to cooperate with State Auditors by providing access to all records, in any format maintained, requested by the Auditors. Cooperation, on the other hand, does not mean to blindly and unintelligently accept recommendations of the Auditor as law, especially those recommendations that require increased expenditures by the City. In fact, and in law, the Auditor's "Best Practice Recommendations" are not law, as confirmed by the State Auditor in a recent telephone conference. The first priority for any municipality is to be in compliance with Louisiana law. The City of Slidell is in compliance therewith.

Many of the Auditor's "Best Practice Recommendations" call for additional man power, technology, equipment, and financial commitments to develop and implement same. While the "Best Practice Recommendations" are not law, to the general public and many public employees they are perceived as so. In compelling municipalities to incur unfunded mandates, the Louisiana Legislative Auditor may be in violation of Louisiana Constitution Article VI, Section 14(A)(1).

### **REPUTATION OF LOCAL GOVERNMENT – CITY OF SLIDELL**

Public view and opinion of local government is vitally important to development of both the residential and commercial segment of the community. When the Louisiana Legislative Auditor identifies "Exceptions," and makes "Best Practice Recommendations" regarding the procedures followed by the City of Slidell, as with any local government, they, although unintentionally, unjustifiably and unreasonably tarnish the reputation and public perception of local government. The public is not advised, with the same emphasis, that the local government is in compliance with Louisiana law even though the Auditor may make recommendations.

The City of Slidell is not mandated by law to accept unfunded mandates, also referred to as "Best Practice Recommendations" issued by the Auditor. Notwithstanding the foregoing, the City is committed to continuing to improve its service to the public.

The City in cooperation with the State Auditor responds to its "Exceptions," as follows:

## **Item 1. Public Bid Law**

No Exceptions.

## **Item 2. Traffic Tickets**

Certain "Best Practice Recommendations" constitute unfunded mandate.

The Slidell Police Department is Nationally Accredited by the Commission on Accreditation of Law Enforcement Agencies (CALEA) one of only few Departments nationwide to hold such accreditation. The Police Department maintains Policies and Procedures, which are consistently updated and reviewed by the Accreditation auditors annually.

The Slidell Police Department adheres to its Policies and Procedures (General Order 82.3.4 Traffic Citation Maintenance - Copy previously provided to the Legislative Auditor).

### Bullet point #1 –

The Slidell Police Department currently documents the transfer of citation books. The policy states an officer receiving a citation book(s) must sign for and is responsible for all citations in the book. The current practice reveals a supervisor issues a citation book(s) to an officer and enters the date, citation book information (citation numbers), officers' name and badge number and into the Shares Drive (Excel spreadsheet). However, since the implementation of the excel spreadsheet, officers were not signing for receipt of the citation book.

Notwithstanding its compliance, the Slidell Police Department will implement the best practice recommendations as follows:

Slidell Police Department's records division will transfer ticket books to the Patrol Division and will maintain a written log for every book issued. The Officer and the records clerk will each sign for the tickets that are transferred to the Patrol Division.

### Bullet point #2 –

#### **Slidell Police Department is in compliance with Louisiana Law.**

The Slidell Police Department **currently abides** by its policy and stores unissued citation books in the Patrol Division inside the Patrol Supervisor's closet and will continue to do so. The citation book(s) will be issued to officers by Patrol Supervisors. If a Patrol Supervisor is in need of a citation book(s), a citation book will be issued to that supervisor by another Patrol Supervisor.

Access to unused ticket books will be restricted to only supervisors that have authority to issue ticket books.

Bullet point #3 and #4 –

**Slidell Police Department is in compliance with Louisiana Law.**

The Patrol Supervisors **currently** enter the issued citation books into the Shares Drive (Excel spreadsheet) according to policy and **will continue** to do so. The information on the spreadsheet contains the date of issue, citation numbers, officer receiving the citation book, officer's badge number, the Patrol Supervisor's name issuing the citation book(s) and the Patrol Supervisor's badge number. The Patrol Supervisors will to continue to use the Shares Drive (Excel spreadsheet) for ease of tracking purposes.

Notwithstanding its compliance, the Slidell Police Department will implement the best practice recommendation to include:

Access to unused ticket books will be restricted to only supervisors that have authority to issue ticket books. Patrol Division Supervisors will maintain a written log and will issue ticket books in numerical sequence. The Officer requesting the books will sign for each book issued. Supervisors will issue ticket books to Officers on a needed basis. It is not practical for an Officer to wait until he as has issued every citation from a book of ten prior to requesting an additional book. The Chief of Police requires all officers to have the necessary forms required to perform their duties at all times. If an Officer waits until he has issued his last available ticket, he would find himself without a ticket should he have to take enforcement action before he is able to acquire another ticket book.

Bullet point #5 –

**Slidell Police Department is in compliance with Louisiana Law.**

To the extent possible, the Slidell Police Department will make every attempt to issue citation books in numerical sequence.

Bullet point #6 –

**Slidell Police Department is in compliance with Louisiana Law.**

The Slidell Police Department **will continue** to abide by its policy and **continue** to require all citations to be entered into our CAD system by Records Personnel. **All citations are audited quarterly** along with the completed ticket backs are compared with its CAD system as the ticket backs are turned in.

The supervisor, upon approving the officer's paperwork for the day, enters the tickets written into our CAD system. Supervisors will monitor the CAD system and assure that tickets that are returned by the officer are accounted for in CAD.

Bullet point #7 –

The Slidell Police Department has implemented the best practice recommendation and has begun following the newest Louisiana Secretary of State Records Retention Schedule requiring Chain of Custody Books of files be retained active + 1 calendar year (Active = Until the end of calendar year the last case is closed).

Bullet point #8 –

As required by Louisiana Revised Statute 32:398.2.E the Chief of Police will maintain a record of the dispositions of all traffic citations issued. The Chief of Police will obtain these dispositions from the appropriate city prosecutor and assistant prosecutor of the 22<sup>nd</sup> Judicial District Court.

Bullet point #9 –

**City Prosecutor:**

**City of Slidell City Prosecutor is in compliance with Louisiana Law.**

In addition to the Court's judicial discretion, the City Prosecutor has prosecutorial discretion, as set forth in the Louisiana Revised Statutes.

Specific language set out in R.S. 32:398.2.(F), states, *in pertinent part*:

F. Nothing herein shall be construed as prohibiting or interfering with the authority of a district attorney or other prosecuting attorney to dismiss a traffic citation or charge by entry of a nolle prosequi.

The City Prosecutor maintains a record of each citation and its disposition. (Copy of excel spread sheet was previously provided). Traffic tickets are properly tracked and their disposition noted.

**City Court of Slidell:**

**“Best Practice Recommendations” constitute unfunded mandate.**

The City Court of Slidell is a political subdivision of the State of Louisiana, separate from the City of Slidell. The City of Slidell does not have the authority to audit the Court's records or to mandate the Court follow any certain procedures. The Court has cooperated with the City to provide the docket number of cases that support the Court's monthly financial remittance to the City. It is not uncommon that the same docket number would appear on multiple submissions over an extended period of time, even years, due to being granted time to pay, defendant's inability or failure to pay, community service, absence from the jurisdiction or felony convictions for which the defendant is serving prison time.

The Court advised that they are subject to annual audits by the Louisiana Legislative Auditor. The Court further advised that they lack the manpower, technology, and funding to create the type of forms set out in the State Auditor's recommendations. The Court also advised of their willingness to cause the type of reports recommended if the State will provide the funding for programmers, overtime, payroll, and technological equipment to accomplish same. Unless and until the State can do so, the Court is unable to provide the type of reports called for by the State Auditor.

### **Item 3. Utility Collections and Billing Adjustments**

It is not possible to segregate all incompatible duties in a small department. In those cases, the City relies on mitigating controls. Utility billing clerks write up utility adjustments, the assistant director of finance approves adjustments, data coordinators enter adjustments, the adjustments are returned to utility billing clerks to check for accuracy. Following your observation, the assistant director of finance ran a report of all utility adjustments made in fiscal year 2017. All adjustments were approved prior to entry and were entered accurately. This additional mitigating control is now performed on a monthly basis.

### **Item 4. Due to / Due from Accounts**

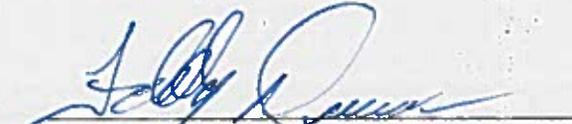
The City respectfully disagrees with this exception. The Due to / Due from accounts are reconciled on a monthly basis. The City's auditors take no exception to manner in which the City records or reconciles interfund activity.

### **Item 5. Annual Ethics Certification**

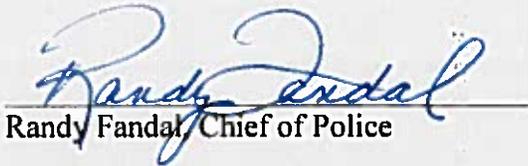
Best Practice Recommendations constitute unfunded mandate.

1. **City of Slidell is in compliance with Louisiana Law.**
2. City adopted the Louisiana Ethics Code as its Ethics Policy.
3. All elected officials and employees are mandated by State law to participate in Governmental Ethics annually.
4. All elected officials and employees submit a Certificate of Completion to the Human Resource/Civil Service Department annually, which is maintained in personnel files.
5. When annual training is conducted in person, all participants sign the registration form to certify participation.

6. All elected officials execute a sworn oath of office to uphold Louisiana Law (Louisiana Ethics Code is Louisiana law).

  
Freddy Drennan, Mayor

1-26-18  
Date

  
Randy Fandal, Chief of Police

1/26/2018  
Date

  
Sharon Howes, Director of Finance

1-26-18  
Date