

VILLAGE OF PORT VINCENT



INVESTIGATIVE AUDIT
OCTOBER 28, 2015

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 28, 2015

**THE HONORABLE DAVID CARTER, MAYOR
AND MEMBERS OF THE BOARD OF ALDERMEN
VILLAGE OF PORT VINCENT**
Port Vincent, Louisiana

We have audited certain transactions of the Village of Port Vincent. 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 21st Judicial District of Louisiana and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/aa

VILLAGEPORTVINCENT2015

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EXECUTIVE SUMMARY

Fine Payments Not Deposited

Village of Port Vincent (Village) records indicate that fines totaling at least \$16,890 were collected but not deposited into the Village's bank account from January 8, 2015 through March 16, 2015. Both the former clerk and the former assistant clerk responsible for handling collections denied taking any of the missing funds. However, former Assistant Clerk Brandi Deaton failed to issue a receipt for all cash payments that she collected and appears to have falsified public records to conceal cash amounts collected but not deposited. By failing to issue a receipt for all payments collected and falsifying public records to conceal cash amounts collected, Ms. Deaton may have violated state law.

BACKGROUND AND METHODOLOGY

The Village of Port Vincent (Village) is located in Livingston Parish and has a population of 741 (Year 2010 Census). The Village was incorporated under the provisions of the Lawrason Act and has a mayor-board of aldermen form of government. The Village provides utility, public safety (police), and general administrative services.

On April 10, 2015, Village employees noticed that a fine had been paid but were unable to locate a corresponding receipt or deposit. After reviewing documentation, former Village Clerk Jenny Golman (Ms. Golman resigned as Village clerk on September 1, 2015, and currently works at the Village as a part-time employee) contacted former Village Assistant Clerk Brandi Deaton (Ms. Deaton's employment with the Village terminated on March 16, 2015). According to Ms. Golman, Ms. Deaton acknowledged that she had misplaced an envelope containing fine collections for the month of March 2015. Village officials then notified the Louisiana Legislative Auditor (LLA) of a possible misappropriation of public funds and asked LLA to determine if funds were collected, but not deposited. The procedures performed during this audit included:

- (1) interviewing Village employees;
- (2) interviewing other persons as appropriate;
- (3) examining selected Village 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 Livingston Parish Sheriff's Office (Sheriff's Office). That assistance was instrumental to the completion of this audit. The Sheriff's Office issued an arrest warrant for Ms. Deaton on September 16, 2015, and Ms. Deaton turned herself in to authorities on September 18, 2015.

FINDINGS AND RECOMMENDATIONS

Fine Payments Not Deposited

Village of Port Vincent (Village) records indicate that fines totaling at least \$16,890 were collected but not deposited into the Village's bank account from January 8, 2015 through March 16, 2015. Both the former clerk and the former assistant clerk responsible for handling collections denied taking any of the missing funds. However, former Assistant Clerk Brandi Deaton failed to issue a receipt for all cash payments that she collected and appears to have falsified public records to conceal cash amounts collected but not deposited. By failing to issue a receipt for all payments collected and falsifying public records to conceal cash amounts collected, Ms. Deaton may have violated state law.¹

The Village did not have written policies and procedures relating to fine collections. Fines assessed on citations issued by the police department could be paid with cash, check, money order, or credit card. Credit card payments were collected through a third party and deposited directly into the Village's bank account. During the period covered by our audit, former Assistant Clerk Brandi Deaton was responsible for collecting fines and issuing receipts. Former Village Clerk Jenny Golman collected fines when Ms. Deaton was unavailable. The collecting clerk would also indicate on the citation or the court document^A that the fine was paid. Collections were placed in an unsealed envelope in Ms. Deaton and Ms. Golman's shared office that was locked overnight. Collections were kept in the office until Ms. Golman prepared the deposits and transported the deposits to the bank. During this period, no reconciliation procedures were performed to ensure that all funds collected were documented, recorded, and deposited in the Village's bank accounts.

Payments Not Deposited

Village records indicate that fines totaling \$16,890 were received and/or recorded as received but not deposited into the Village's bank account from January 8, 2015 through March 16, 2015. This amount includes \$1,230 in cash collections that were not deposited into the Village's bank account and additional payments totaling \$15,660 for which a receipt was not issued and there is no corresponding bank deposit.

Cash Collected but Not Deposited

We examined receipt books maintained by the Village and compared the cash collected for fines to the amount of cash deposited for fines into the Village's bank account. These records indicate that Village employees collected cash payments for fines totaling \$20,155 from January 8, 2015 through March 16, 2015. However, for the same period, the Village's bank records reflect that only \$18,925 in cash was deposited for fines, leaving a shortage of \$1,230. Because the Village did not make daily deposits or

^A A court document is a document used by the Village to record the fines assessed on violations and the judge's ruling during Mayor's court proceedings.

reconcile payments collected to payments deposited, we were unable to determine which fines were collected and not deposited.

Additional Payments Not Deposited

During our audit, we reviewed citations and court documents which indicate that Ms. Deaton appears to have collected additional cash payments totaling \$15,660 for which a receipt was not issued and there is no corresponding bank deposit. Although receipts were not issued in these instances, it appears that Ms. Deaton recorded on the citations or court documents that the fines had been collected or paid with a credit card. This would indicate that individuals had payments recorded on their citations or court documents without making a payment, or Ms. Deaton received cash payments for which she did not issue receipts and failed to deposit the funds into the Village's bank account. Recording the payment on the citation or court document would prevent a bench warrant from being issued for nonpayment and/or failing to appear in court.

We contacted eight individuals who appeared to have paid their fines, but were not issued a receipt, and did not have their payment deposited into the Village's bank account. Each of these individuals indicated that they paid their fines in cash, and four of these individuals provided documentation indicating that they had paid their fines. In each of the four instances, the individuals were provided with court documents signed by Ms. Deaton indicating that they had paid their fines.

In addition, we found 13 instances in which Ms. Deaton appears to have recorded on the citations/court documents that the fines were paid by credit card; however, there is no record of the credit card transactions and no corresponding deposits into the Village's bank account. For example, Ms. Deaton appears to have recorded on a citation that the individual paid fines with a credit card on March 4, 2015. Because there was no corresponding credit card transaction or deposit into the Village's bank account, we contacted the individual who informed us that he paid his fine in cash and provided a copy of his court document. The court document indicates that the individual paid \$175 in cash on March 4, 2015. It appears that Ms. Deaton collected a \$175 cash payment, failed to issue a receipt from the Village's receipt book, falsified the citation to indicate that the payment was made by credit card, and failed to deposit the cash.

Both Ms. Golman and Ms. Deaton denied taking Village funds for personal use. We obtained personal bank records for both Ms. Golman and Ms. Deaton. During the period under audit, Ms. Golman did not have any cash deposits; however, during the same period, Ms. Deaton made cash deposits totaling \$12,880 into her personal bank account. To illustrate, during the week of February 7-13, 2015, Village records indicate that fines totaling \$4,520 were collected, but not deposited. During that same week, Ms. Deaton deposited \$4,830 in cash into her personal bank account.

Ms. Deaton acknowledged that she did not always issue receipts for the payments that she received. She stated that she had a hard time getting around the office after a surgical procedure so when customers came in, she issued them a receipt on a court document.

Ms. Deaton stated that she intended to record the collections in the Village's receipt book but did not do so. Ms. Deaton also stated that she may have thrown away an envelope with cash collections while cleaning her desk in March 2015, after her employment with the Village terminated. We contacted Ms. Deaton for a second interview, but she declined our request.

Village records indicate that fines totaling \$16,890 were collected but not deposited into the Village's bank account from January 8, 2015 through March 16, 2015. Ms. Deaton and Ms. Golman both denied taking the missing funds; however, it appears that Ms. Deaton failed to issue receipts for all cash payments that she collected and appears to have falsified Village records to conceal cash payments collected but not deposited. By failing to issue a receipt for all cash payments collected and falsifying public records to conceal cash amounts collected but not deposited, Ms. Deaton may have violated state law.¹

Recommendations

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

Village management should:

- (1) require that all funds collected be 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. Each drawer should be maintained and locked at all times and balanced on a daily basis;
- (5) require all funds be secured until a daily deposit is made; and
- (6) 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.).

LEGAL PROVISIONS

¹ **Louisiana Revised Statute (La. R.S.) 14:67(A)** provides that “Theft is the misappropriation 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. 42:282 provides that “All public officers except notaries public shall keep a full and complete record of all monies received by them for account of the state or its subdivisions or as fees for services rendered. Whoever violates the provisions of this Section shall be fined, for the first offense, not less than twenty-five dollars nor more than fifty dollars, and for each subsequent offense not less than one hundred dollars nor more than five hundred dollars or imprisoned for not less than thirty days nor more than ninety days.”

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

Management's Response

Village of Port Vincent

INCORPORATED 1952
18235 LA HWY. 18
PORT VINCENT, LA 70726
PHONE (225) 698-9891 • FAX (225) 698-9036

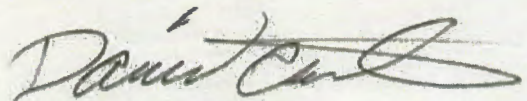
October 5, 2015

Legislative Audit exit meeting response letter

The Mayor's office for the Village of Port Vincent would like to thank the State Auditor's Office for their time and experience handling this difficult situation for the Village. The recommendation's that were suggested, as well as other measures, are now in place or being implemented to prevent these types of actions from occurring again.

1. Three part receipt book for payments
2. Separate cash bags that lock for each clerk, and they balance daily.
3. Daily bank deposits.
4. Safe in the Clerk's office.
5. Quarterly audits for collections.
6. Training for employees on the policies and procedures for handling collections.
7. Review and compare the daily and total deposits to the total receipts and report any differences immediately for investigation.
8. Security system set up to monitor Town Hall activities.

Kind Regards,



Mayor David Carter

Village of Port Vincent

INCORPORATED 1952

18235 LA HWY. 18

PORT VINCENT, LA 70726

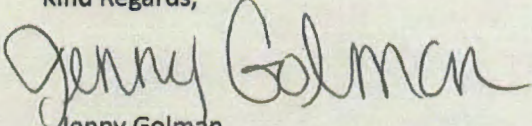
PHONE (225) 698-9891 • FAX (225) 698-9036

10-6-2015

Legislative Audit exit meeting response letter

As clerk for the Village of Port Vincent I would like to thank the State Auditor's Office for their time and experience handling this difficult situation for the Village. The recommendations offered from your auditors are now in place and being executed properly. Once again thank you for your help.

Kind Regards,


Jenny Golman