

VILLAGE OF ROBELINE



ADVISORY SERVICES
ISSUED OCTOBER 3, 2012

**LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 3, 2012

The Honorable Tommy O'Con, Mayor
Village of Robeline
P.O. Box 217
Robeline, LA 71469-0217

Dear Mayor O'Con:

As you are aware, my advisory services staff visited the Village of Robeline (Village) recently to conduct an assessment of certain matters that were reported to my office. My advisors have completed their assessment and this letter summarizes the results and provides recommendations which were verbally communicated to you during their fieldwork. Our assessment was substantially less in scope than an audit.

In summary, we identified compliance issues and/or control weaknesses relating to the following areas:

- Delinquent Payroll Taxes
- Traffic Tickets and Fine Collections
- Cellular Phones
- Fixed Asset Records
- Monthly Board Meetings
- Purchasing and Disbursements
- Deficit Spending

The Village can benefit from management addressing these issues and implementing our recommendations. Please refer to Appendix A for the Mayor's written response to this letter. My staff will be monitoring the resolution of these issues. If you have any questions, please call Mike Battle or Stuart Dickey at 225-339-3800.

Sincerely,

A handwritten signature in blue ink that reads "Daryl G. Purpera".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP:AFB:ESS:MGB:SCD:el:ch

VILLAGE OF ROBELINE 2012

Delinquent Payroll Taxes

The Village did not have a formal/written plan to pay delinquent payroll taxes owed to the Internal Revenue Service (IRS). In addition, the Village's annual budget for fiscal year ending June 30, 2013, did not include any anticipated expenditures to the IRS for such delinquent taxes. The Village failed to remit payroll taxes to the IRS from June 30, 2007 through December 31, 2012, and the IRS filed tax liens against the Village totaling \$264,881. The Mayor informed us that he chose to use the cash attributable to those taxes to fund general operations of the Village.

The Mayor retained an attorney, C. Rodney Harrington, to assist the Village in resolving its payroll tax issues. According to a letter from the attorney to the Mayor, a proposal was submitted to the IRS indicating that the Village would pay \$5,000 per month toward satisfaction of its tax liabilities. Although we asked to see the proposal, no one could provide us with one. We followed up with the attorney and he informed us that the proposal to the IRS was a verbal one. Therefore, there is no formal written plan presenting information such as when payments would start and end, the source of funding for these payments, the impact on the annual budget, et cetera. Without such a plan, it will be difficult for management to determine if scheduled repayment is feasible.

In addition, although the Board adopted a balanced budget for the 2013 fiscal year, the budget did not include the proposed expenditures to the IRS during the fiscal year totaling \$60,000 (\$5,000 x 12 months). The Village's financial statements and budget documents indicate that the Village will likely have difficulty making the proposed \$5,000 monthly payments to the IRS. For example, a major source of revenue (fines and forfeitures) decreased approximately \$60,000 in the 2011 fiscal year compared to the previous 2010 fiscal year. The 2011 audit also reported that the Village's general fund had a negative fund balance of approximately \$700. The Village has reported a negative fund balance in four of its last five audits. The Mayor informed us that he will have to increase revenue and/or decrease expenditures to meet the proposed payments to the IRS.

Recommendations: Management (i.e., Mayor and Board of Aldermen) should:

- Ensure that there is a formal/written plan to eliminate the Village's delinquent tax liability. This plan should provide the terms of payment as well as the funding sources for these payments and their effect on the budget.
- Amend the current year budget to incorporate the IRS payment plan and include in future budgets until the delinquent payroll tax liability is repaid.
- Monitor the budget, financial statements, and IRS payment plan on a monthly basis to ensure that payments to the IRS are made and are within the Village's available funding.

Traffic Tickets and Fine Collections

Our assessment revealed the following significant deficiencies:

- 1. According to Village records, approximately \$480,000 of traffic fines has not been collected.** The Mayor provided us with a 66-page document listing 1,640 traffic citations that have not been collected. These citations appear to have been issued from July 1994 through March 2012. The Mayor and staff informed us that they have attempted to collect these fines but have been unsuccessful because a large portion of offenders are from out of state. They informed us that collection letters are sent, but it appears the offenders accept the risk of having their driver’s licenses suspended.

Recommendations: Management should:

- Consult with the Louisiana Department of Public Safety and the Louisiana State Police regarding strategies that might boost collection of delinquent fines.
- Consult with such organizations as the Louisiana Association of Chiefs of Police; Louisiana Sheriffs Association; and Louisiana Municipal Association to identify potential collection strategies.
- Ensure that all of these violations have been reported to State Police in accordance with state law [Louisiana Revised Statute (R.S.) 32:393 (C)(1)(b)].

- 2. Traffic fine collections were not being reconciled and deposited on a daily basis. Our assessment revealed discrepancies in the amount of monies recorded as collected compared to the amount of monies deposited.** Village staff was not reconciling the daily fine collections to the amounts recorded in the ticket database and general ledger nor to the amounts deposited with the bank. We reviewed fine collections for three months (July 2011, August 2011, and May 2012) and compared to the total amounts deposited into the bank and identified the following unexplained differences:

Month	Fines Recorded as Collected in Traffic Ticket Database	Fines Deposited in Bank	Unexplained Differences
July 2011	\$24,607	\$24,604	(\$3)
August 2011	39,030	34,742	(4,288)
May 2012	34,261	32,664	(1,597)
Total	\$97,898	\$92,010	(\$5,888)

Recommendations: Management should require staff to prepare a daily reconciliation, in writing, of fine collections. The collections should agree to the daily bank deposit and to entries recorded in the ticket database (subsidiary ledger) and general ledger. Any differences should be resolved immediately. Also, someone independent of the collection function should review the reconciliation to help reduce the risk of errors, irregularities, and fraud and abuse that could occur and remain undetected.

3. **Receipts issued for fine collections did not always match the amounts recorded in the traffic ticket database.** Our review of three months (July 2011, August 2011, and May 2012) revealed a total of seven instances where the receipt amount did not match the amount recorded in the traffic ticket database as follows:

Citation Number	Date of Collection	Fine Amount Collected per Receipt	Fine Amount Recorded in Traffic Ticket Database	Unexplained Differences
8180350	7/26/2011	\$100	\$50	(\$50)
8458850	7/29/2011	100	-	(100)
8459213	8/08/2011	264	100	(164)
8519233	5/10/2012	119	219	100
8519111	5/11/2012	364	264	(100)
8368466	5/15/2012	150	50	(100)
8519305	5/29/2012	40	120	80
Total		\$1,137	\$803	(\$334)

Recommendations: Management should ensure that all receipts, including credit card receipts, match the amounts recorded in the traffic ticket database.

4. **Receipts were not always issued upon collection of fines. Also, the receipt forms lack key information needed for a proper system of checks and balances.** During our review of Village documentation for July 2011, August 2011, and May 2012, we identified 74 paid citations for which receipts were not issued by Village staff as summarized below:

Month	Traffic Tickets Collected	Receipts Not Issued	Percentage of Tickets Collected with No Receipt Issued
July 2011	116	11	9%
August 2011	166	25	15%
May 2012	134	38	25%
Total	416	74	18%

In addition, the fine collector (staff and Mayor) was not recording the method of payment on the receipt when cash or money orders were received as payment. Such information would provide a clear audit trail to match with the items being deposited and help prevent errors and/or theft of collections.

Recommendations: Management should ensure that a receipt is prepared for each paid citation. One copy should be used in the daily reconciliation process (and maintained on file) and one copy should be issued to the payer at the time of payment. Staff should always document the method of payment (e.g., cash, check, money order) on the receipt, immediately record the payment in the ticket system, and ensure the payment/item is included in the daily deposit.

- 5. Controls over access to fine monies and the traffic collection database were inadequate for a proper system of checks and balances.** Ticket collections were not centralized in Village hall. The Mayor, Village clerk, and ticket clerk all accept fine payments and work out of the same cash drawer. In addition, there is no password to prevent unauthorized entry into the ticket collection database. Weak controls in these areas could make it difficult to hold employees accountable for errors, irregularities, abuse, and even fraud.

Recommendations: Management should consider allowing only the ticket clerk and Village clerk to receive payments and issue receipts. The two clerks should work out of separate cash drawers (each maintained under lock) and be prohibited from accessing each other's drawer.

- 6. A quarterly audit of traffic citations was not being performed as required by state law.** R.S. 32:398.3 (B) requires that "Each record of traffic citations...shall be audited quarterly by the appropriate fiscal officer of the governmental agency to which the traffic enforcement agency is responsible." R.S. 33:422 provides that the clerk shall be the auditor of the municipality.

Recommendations: The Village clerk should perform the quarterly audit of traffic citations in accordance with state law. Performing such an audit strengthens controls over the traffic ticket process.

- 7. The Village did not have written policies and procedures for administering Mayor's Court and collecting traffic fines.** Written policies and procedures are necessary to provide a clear understanding of what should be done, who should do it, and when it should be done. In addition, written policies and procedures aid in the continuity of operations and for cross-training staff or training new staff.

Recommendations: The Mayor, Board of Aldermen, and Chief of Police should work together to develop, implement, and adopt written policies and procedures for the entire traffic ticket process. Comprehensive policies and procedures will help Village officials ensure that traffic tickets are accounted for in an effective and efficient manner. In addition, such guidance will help officials ensure that money is collected timely and deposited intact. We advise that policies and procedures should, at a minimum, address the following:

1. Require the Chief of Police to assign specific police department personnel to be in charge of managing and maintaining the documentation related to traffic ticket books and citations. This should include detailing the responsibilities of the position(s) from ticket book issuance through final disposition of citations.
2. Require the Chief of Police (or his designee) to adequately secure the supply/inventory of blank ticket books.
3. Require that only the Chief of Police (or his designee) issue ticket books and that the issuance of ticket books is recorded and maintained in accordance with state law [R.S. 398.1 (B)].

4. Require that the Chief of Police (or his designee) issue new ticket books to officers only after all citations are returned from the previously issued ticket book and those citations are properly reconciled/accounted for.
5. Require police officers to issue traffic citations in sequential number order.
6. Require police officers to return every issued or spoiled/voided citation to the Chief of Police (or his designee) in accordance with state law [R.S. 32:398.2 (D)].
7. Require the Chief of Police (or his designee) to maintain a record of the issued or spoiled/voided citations which are returned to him. We advise that such citation records/logs contain information such as the ticket number, date issued, issuing officer, violation type, and final disposition including amount paid (see R.S. 32:398.1 (B) and R.S. 32:398 .2 (E) for further guidance).
8. Require the Chief of Police (or his designee) to submit the citations to the Mayor's court on a timely, consistent basis for processing and collection. This will help the Chief of Police and clerk to ensure that all traffic citations are disposed of in the court of proper jurisdiction in compliance with state law [R.S. 32:398.2 (A) (B)].

Note: If citations are reduced or dismissed out of court, they may only be dismissed by the proper prosecutorial authority and the reduction or dismissal must be included in the minutes/records of the court.

9. Require the Chief of Police (or his designee) to communicate with the Mayor's court on a monthly basis to obtain the final disposition of traffic citations so that he is aware of the status of tickets throughout the process and can record this information.
10. Require the Chief of Police (or his designee) to periodically review records such as ticket book logs and citation logs to ensure completeness and to investigate and resolve any irregularities.
11. Specify the acceptable methods of payment (e.g., money orders and credit cards) and consider prohibiting payments made in cash.
12. Require the ticket clerk to maintain documentation of all citations and receipts.
13. Require that duties involving the collection, reconciliation, depositing, and recording of fines be segregated among employees to reduce the risk of errors and/or fraud occurring and not being detected timely. For example, require an employee who is independent of the collection process to perform a daily reconciliation to confirm that all fine money is being deposited intact.
14. Require the Village clerk (fiscal officer) to audit each record of traffic citations on a quarterly basis in compliance with R.S. 32:398.3(B) and R.S. 33:422.

15. Ensure that all traffic violations are reported to the Louisiana Department of Public Safety in compliance with state law [R.S. 32:393 (C)(1)(b)].

For further guidance, we recommend that management refer to our Web site (www.la.gov/localgovernment/bestpractices).

Other Matters

Our assessment revealed the following additional matters:

1. **The Village has a wireless services arrangement with an employee's business that may be in violation of the state ethics code. Also, the Village issued three cell phones and a laptop to the police department that may be used for personal purposes.** Although the Village owns the cell phones and laptop computer, we were informed that this equipment is operated under a wireless service plan that is in the name of a police officer's personal business account (Resolve Investigations). Each month, the Village reimburses Resolve Investigations for 100% of the monthly cost of wireless services for the three cell phones and laptop.

Although the Village clerk told us that she reviews the cell phone bills before reimbursing the officer's personal business account, she acknowledged that there is no way for her to know if the designated lines are being used for Village business or business of Resolve Investigations. Therefore, the Village could be incurring expenses related to the police officer's business.

In addition, the Village's wireless services arrangement with the police officer's personal business may be a violation of the state ethics law (R.S. 42:1113). This law provides that "no public servant...shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant."

Recommendations: We recommend that management:

- Consult with legal counsel and the Louisiana Board of Ethics about the legality of the wireless services arrangement.
- Terminate the wireless services arrangement with the police officer's personal business. Select a wireless service provider and open an account (in the Village's name) that will be monitored and controlled by the Village.
- Prepare, adopt, and implement policies and procedures to guide employees on the business use of cell phones and other wireless devices.
- Ensure that all officials and staff receive training related to the Louisiana ethics laws. In addition, the Village should develop written policies and procedures to help ensure that ethics violations do not occur. Finally, management should

consider having all municipal officials and employees complete annual certification letters attesting to their compliance with the Village's ethics policy.

- 2. Records are not maintained of all fixed assets owned by the Village.** State law (R.S. 24:515) requires the municipality to maintain records of all land, buildings, improvements, equipment, and any other fixed assets which were purchased or otherwise acquired, and for which such entity is accountable.

We asked the Mayor and Village clerk if there was a listing maintained of all office equipment such as computers and they informed us that they do not keep these types of records. Failure to maintain records of all such moveable property exposes the Village to possible loss, theft, and misuse of its assets.

Recommendations: The Mayor should ensure that (1) accurate and detailed listings of assets are maintained and updated when property is purchased and disposed; (2) assets are tagged for identification purposes and included on the detailed listing; and (3) a complete physical inventory is conducted at least annually and differences are investigated and resolved timely.

- 3. The Village did not always hold monthly Board meetings as required by state law.** R.S. 33:405 (A) (2) provides that the Mayor and Board of Aldermen shall hold not less than one regular meeting in each month on a date and at a place and hour to be fixed by ordinance. State law [R.S. 33:405(F)] also provides that a regular, special, or emergency meeting that fails for want of a quorum may be continued to a date announced at the meeting.

The Village did not have monthly Board meetings in July, September, and October of 2011. In addition, it appears that the Mayor and Board did not continue the meeting to a later date to discuss items on the agenda. The Mayor informed us that these meetings were not held because of a lack of members to meet a quorum.

Recommendations: The Mayor and Board of Aldermen should hold monthly meetings as required by state law. If a meeting cannot be held because of lack of a quorum, they should make sure that the meeting is continued and items on the agenda are discussed at a later date. The Mayor and Board should ensure that they follow all laws relating to public meetings such as R.S. 42:19 (regarding notice of meetings).

- 4. Controls over purchasing and disbursements need to be improved.** Our assessment revealed the following:

- Payments to vendors were not always supported with adequate documentation.
- Management was not conducting a formal review and approval of all invoices and purchase orders before disbursements were made.
- Although two signatures are required on all checks, from November 2011 through April 2012, 14 checks did not have two signatures, including one check the Mayor signed payable to himself for travel reimbursement.

Recommendations: Management should prepare, adopt, and implement written policies and procedures to guide those involved with the purchasing function. These policies and procedures should ensure that (1) purchases are supported with adequate documentation; (2) proper review and approval are being conducted before purchases are made; and (3) checks are properly signed.

- 5. The Village has reported a negative fund balance in four of the last five years.** Audits of the Village for the fiscal years 2007 through 2009 reported negative fund balances in the general fund, and in the 2011 audit report, the Village reported a \$774 negative fund balance in the general fund.

Recommendations: Management should prepare and adopt a written plan for the general fund that incorporates short- and long-term spending cuts and/or increases in revenues to eliminate continued deficit spending. Management should also use the plan for budgeting and decision-making. Finally, the Mayor and Board should monitor the financial statements and budget each month to ensure that deficit spending does not occur.

APPENDIX A

Mayor's Response



VILLAGE OF ROBELINE

P.O. Box 217 • Robeline, Louisiana 71469 • Phone (318) 472-6121
Fax (318) 472-6128 Email: vorobeline@aol.com

MAYOR
TOMMY O'CON

ALDERMEN
RONNIE FRENCH
RANDALL BOCKSTANZ
ANN MORAN

CLERK
BETSY JORDAN

CHIEF OF POLICE
GORDON O'CON

September 26, 2012

**The Honorable Daryl G. Purpera
Louisiana Legislative Auditor
PO Box 94397
Baton Rouge, LA 70804-9397**

Dear Mr. Pupera:

We have looked over the recommendations and findings from your advisory staff. We would like to offer the following response.

Delinquent Payroll Taxes

Inflation, slow payments for utility bills and hard to collect traffic fines are the reasons for the Village being hit with federal tax liens. As your staff were advised, we have retained Attorney C. Rodney Harrington and his tax staff to assist the Village in resolving it's payroll tax issues. The attorney is in the process of completing a formal written plan presenting information such as when payments would start and end. Until such agreement is reached by both parties, the Village began making monthly payments of \$5000 to reduce the liability. The first payment began in June 2012 and will continue as long as necessary.

The Village will amend the current year budget to incorporate the IRS monthly payment of \$5000 and will include in future budgets until the delinquent payroll tax liability is repaid. We will monitor the budget, financial statements and IRS payment plan on a monthly basis to ensure that payments to the IRS are made and are within the Village's available funding. The Village is current on all payroll taxes for the year of 2012.

Traffic Tickets and Fine Collections

We have made contact with Attorney Richard Devargis of Natchitoches, Louisiana and ask that he explore various ways that we can seek stronger legal action to collect the approximately \$480,000 of traffic fines that remain uncollected by the Village.

We will follow your recommendations of consulting with other organizations to identify potential collection strategies. We will ensure that all violations are being reported to the Louisiana Department of Public Safety.

I have required the traffic staff to prepare a daily reconciliation, in writing, of fine collections. The collections are agreeing to the daily bank deposit and to entries recorded in the ticket database. The Village has installed a new traffic computer program called Quick Court which we feel will enable us to track citations and payments in a more efficient manner. The traffic clerk and Village clerk are already seeing positive results in tracking citations and payments with this new system.

We are ensuring that all receipts, including credit card receipts , match the amounts recorded in the traffic ticket database. The newly installed Quick Court computer program has been found to be far superior to the original program.

We are ensuring that a receipt is prepared for each paid citation. One copy is being used in the daily reconciliation process and maintained on file and one copy is issued to the payer at the time of payment. The traffic staff is documenting the method of payment (e.g. check or money order, etc.) on the receipt and the staff is immediately recording the payment in the ticket system, and ensuring that the payment/item is included in the daily deposit. The Village does not accept cash for traffic violations. Both the traffic clerk and the Village clerk work from separate drawers.

The Village clerk agrees with your recommendation to perform quarterly audits or traffic citations in accordance with state law. The clerk is now performing the required audits.

The Chief of Police is now managing and maintaining the documentation related to traffic ticket books and citations and is following your other recommendations outlined in this section.

Other Matters

The Village Council at its regular monthly meeting held on September 11, 2012 voted to suspend the wireless service agreement with Resolve Investigations and select a wireless service provider and open an account in the Village of Robeline's name that will be monitored and controlled by the Village.

The Village is in the process of confirming a date for all it's officials and employees to receive training from the Louisiana Board of Ethics which is required of all elected officials in the State of Louisiana and employees of government agencies.

The Mayor is compiling an accurate and detailed listing of assets and will maintain and update the list when property is purchased and disposed.

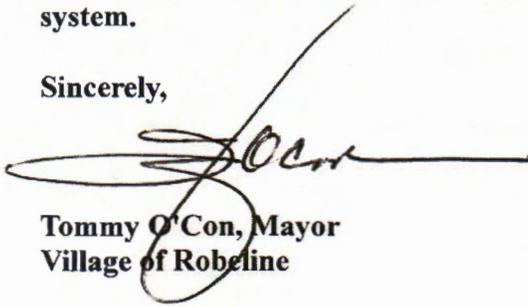
The Mayor and Board of Aldermen will hold monthly meetings as required by state law. If a meeting cannot be held for a lack of quorum, we will make sure that the meeting is continued and items on the agenda are discussed at a later date.

The Village has implemented a policy ensuring all purchases are supported with adequate documentation, proper review and approval by the Mayor before purchases are made and checks are signed by the Mayor and the Clerk.

The Village is exploring avenues to reduce expenses to a minimum and increase revenues. We are implementing a plan to take stronger legal action to collect on unpaid revenue due the Village of Robeline which is in excess of \$450,000 which will assist in eliminating continued deficit spending.

We appreciate the time your office spent here with us. We thank you for your recommendations and feel that once they are fully implemented, we will have a much more efficient operational system.

Sincerely,

A handwritten signature in black ink, appearing to read "Tommy O'Con", with a long horizontal flourish extending to the right.

**Tommy O'Con, Mayor
Village of Robeline**