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**MESSAGE TO THE CITIZENS AND TAXPAYERS OF
TANGIPAHOA PARISH
FROM
SHERIFF DANIEL EDWARDS OF
TANGIPAHOA PARISH**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-25-06



Daniel Edwards

SHERIFF & EX-OFFICIO TAX COLLECTOR

Dennis Pevey
Chief Criminal Deputy

Burton Ory
Chief Civil Deputy

Sheriff Daniel Edwards' Message to the Citizens and Taxpayers of Tangipahoa Parish December 31, 2005

This is my first formal report to the Citizens and Taxpayers of Tangipahoa Parish. It comes after 18 months in office, a time of service I have found to be richly satisfying and professionally challenging.

Pursuant to Louisiana law, all sheriff's offices operate on a fiscal year that begins on July 1 and culminates on the following June 30, with an annual independent audit to be performed by an auditing firm approved by the Louisiana Legislative Auditors Office by December 31 of each year. The first fiscal year of my term as sheriff ended on June 30, 2005, and the required audit of that fiscal year has just been completed.

For several years prior to my being sworn in as sheriff of Tangipahoa Parish, the Tangipahoa Parish Sheriff's Office ("TPSO") experienced serious financial difficulties. In fact, TPSO generated three consecutive deficits from July 1, 2000 through June 30, 2003, in the amounts of \$296,000.00, \$564,000.00 and \$634,000.00 respectively. The final audit of the prior administration revealed 42 Findings and was a "qualified" opinion (which means the independent auditor could not certify the accuracy of the audit because of problems with recordkeeping). The approximately \$750,000.00 fund balance on June 30, 2004, was the result of the previous administration's massive layoffs, across-the-board pay cuts for all remaining employees and the scaling-back of law enforcement services including fewer deputies actually patrolling, fewer bailiffs in the courtrooms and fewer resource officers in our schools. Therefore, as I was preparing to become sheriff, my top priority was to improve law enforcement on the criminal side of TPSO while being fiscally responsible.

Looking back over my first year in office, I am proud to say that the many men and women who work for TPSO have done a commendable job in serving the public and have achieved many significant accomplishments in a relatively short period of time. We were able to downsize administration, re-fit the department with new equipment and new technologies and implement a new management approach to improve the department. Concerning the improvements in law enforcement by TPSO, there are several areas worth mentioning.

First, we have nearly doubled the number of uniformed patrol deputies actually patrolling, and we have divided the parish into four districts. Deputies are required to patrol and remain in their assigned district. This has allowed for more visibility parish-wide and has resulted in faster response times. At present, TPSO patrols approximately 280,000 miles per month.

Second, we have begun a traffic enforcement division to help enforce traffic laws on all parish roadways. The purpose of this division is to promote responsible driving and to improve public

safety. Any citizen who wishes to have a particular area patrolled can contact Sgt. Jimmy Hyde at 985-345-6150 or e-mail him at hydej@tpso.org.

Third, TPSO has implemented a Narcotics Division whose primary duty is to identify and arrest those persons responsible for drug trafficking in Tangipahoa Parish. While TPSO still participates in the Tri-Parish Narcotics Task force along with Livingston and St. Helena Parishes, we have created the Narcotics Division to supplement the efforts of Tri-Parish and to focus on and be available 24 hours a day to fighting drugs in our parish.

Fourth, we have a canine division that currently consists of five highly trained narcotics dogs with one assigned to work each of four shifts. The fifth dog is available as a backup at anytime. During the first year of the Traffic, Narcotics and Canine Divisions, TPSO has seized 7 vehicles, 334 pounds of marijuana, 15 pounds of cocaine and \$400,000.00 in cash from drug dealers.

Fifth, TPSO hired a Director of Training who aggressively and diligently planned, scheduled and conducted training seminars for all enforcement personnel on a variety of subjects from report writing, changes in law, use of force and defensive tactics to coping with stress on the job. These training seminars were offered to other agencies free of charge.

Sixth, we were able to increase starting salaries for jailers from approximately \$12,000.00 per year to \$18,000.00, for communication officers from \$12,900.00 to \$19,000.00 and for deputies from \$15,000.00 to \$23,000.00. Moreover, each POST certified deputy now receives \$300.00 per month supplemental pay in addition to their salary. In addition, we no longer allow the accumulation of K-time and instead pay overtime to all those who are eligible. We also converted from a once a month pay roll to a bi-weekly payroll to help our employees.

Seventh, TPSO acquired over ninety (90) new and used vehicles to replace the unreliable and extremely high mileage vehicles in the fleet. In addition, each detective was issued a TPSO vehicle instead of paying detectives mileage to use their own vehicles. TPSO also adopted a policy of no personal use of a sheriff's office vehicle.

Eighth, for the first time in its history, TPSO adopted a comprehensive policy and procedures manual that includes the rights and responsibilities of the employee and the employer. It also contains a code of conduct for all employees. This manual is consistent with the standards that are required to be met in order to become accredited by the Council on Accreditation for Law Enforcement Agencies ("CALEA"). Within the next year, TPSO plans to officially seek to become an accredited law enforcement agency under CALEA, which takes a minimum of three years.

In addition to the improvements in law enforcement mentioned above, TPSO has worked closely with the 911 Board and the Office of Emergency Preparedness ("OEP") to begin modernizing the way deputies are dispatched and the way criminal records are generated and maintained in an effort to provide more efficient law enforcement. With the help of 911, TPSO will soon move its communications division to the new 911 center and will have a state of the art Computer Assisted Dispatch ("CAD") system which will improve the efficiency in which calls are received and handled. Likewise, with the help of OEP, TPSO will soon have a modern records management system that will have computer generated reports that can be tracked by item numbers and can be retrieved through the complainant's name or address or the suspect's name. This new technology will allow

TPSO to track crime statistics, response times and workloads for employees, and it is the first step in having lap top computers with real time information installed in all the patrol cars.

Of course the Sheriff's Office is engaged in more activities than law enforcement. The civil side of the office is responsible for collecting taxes, serving court documents and providing court security, conducting seizures and sales of seized property, operating a jail, administering federal grants, and a host of other business-related activities such as maintaining a payroll system, operating a fleet of vehicles, and the like. When my team took office on July 1, 2004, we found that the civil side of the office—and particularly the accounting system of the Sheriff's office—was dysfunctional. Many computer files had been erased. There were no personnel records. There was an inadequate inventory of assets, with assets missing or unaccounted for. Passwords necessary to run critical accounting and word processing software were missing. Tax liens had been filed by the IRS seizing Sheriff's Office accounts. Federal grants had been neglected or mishandled.

Our team began to remedy the accounting problems by improving the business practices of the sheriff's office, increasing the revenue streams and tightening administrative practices. We have made significant progress in upgrading our computer systems to run sophisticated accounting software, upgrading our systems for tracking fixed assets and inventory, and hiring more highly qualified personnel in the accounting office. The results of our first year's audit—just released--show the improvement and also demonstrate in detail the need for further concentration of resources. In fact the audit achieved an "unqualified" opinion from the independent auditor (the highest standard of accuracy) and a significant decrease in the number of Findings (from 42 Findings down to 29 Findings). The fund balance after this first year in office was \$1.9 million, an increase of \$1.2 million in just 12 months. This reflects frugal management.

To address the remaining audit concerns and to satisfy my own goals and standards for how the Sheriff's Office ought to be operated, we are strengthening our accounting capability by creating a new billet for a Director of Financial Operations who will be a degreed accountant, a CPA or experienced governmental auditor. This person will be hired in the first quarter of 2006 and will be assigned the task of perfecting the accounting function of the Sheriff's Office

We will undertake a rigorous self-assessment of the accounting function as well, and will rely upon outside professionals to guide us in structuring our accounting activities, such that future audits will reflect our progress. I assure you that this will be a top priority of mine.

As we begin this New Year, I thank you for the opportunity to serve Tangipahoa Parish, and I wish each and everyone a Happy and Prosperous New Year.



Daniel H. Edwards, Sheriff

TANGIPAHOA PARISH SHERIFF

Amite, Louisiana

ANNUAL FINANCIAL REPORT

June 30, 2005

TANGIPAHOA PARISH SHERIFF

Amite, Louisiana

ANNUAL FINANCIAL REPORT As of and for the Year Ended June 30, 2005

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INDEPENDENT AUDITOR'S REPORT

The Honorable Daniel Edwards
Tangipahoa Parish Sheriff
Amite, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, the fiduciary funds, and the aggregate remaining fund information of the Tangipahoa Parish Sheriff, a component unit of Tangipahoa Parish Government, as of and for the year ended June 30, 2005, which collectively comprise the Tangipahoa Parish Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tangipahoa Parish Sheriff. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the fiduciary funds, and the aggregate remaining fund information of the Tangipahoa Parish Sheriff, as of June 30, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 15, 2005, on my consideration of the Tangipahoa Parish Sheriff's internal control over financial reporting and on my tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

The Tangipahoa Parish Sheriff has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison schedules on pages 31 and 32 are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tangipahoa Parish Sheriff's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Tangipahoa Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Tangipahoa Parish Sheriff's Message to the Citizens and Taxpayers of Tangipahoa Parish dated December 31, 2005, on pages i, ii, and iii of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on this message.



Certified Public Accountant

November 15, 2005

BASIC FINANCIAL STATEMENTS

Tangipahoa Parish Sheriff
Amite, Louisiana

STATEMENT OF NET ASSETS
June 30, 2005

<u>Assets</u>	
Cash and cash equivalents	\$ 1,561,670
Accounts receivable	530,515
Grant receivable	54,639
Due from fiduciary funds	384,799
Restricted cash and cash equivalents	40,477
Capital assets, net	<u>1,036,791</u>
Total assets	<u>3,608,891</u>
 <u>Liabilities</u>	
Accounts payable	245,895
Accrued salaries and wages	227,058
Accrued liabilities	32,085
Due to fiduciary funds	68,885
Due to other governments	4,480
Noncurrent liabilities	
Due within one year	122,290
Due in more than one year	<u>235,262</u>
Total liabilities	<u>935,955</u>
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	1,000,239
Restricted for:	
DARE Scholarship	35,026
Debt Service	5,451
Unrestricted	<u>1,632,220</u>
Total Net Assets	<u>\$ 2,672,936</u>

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Sheriff
Amite, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses), Revenues, and Changes in Net Assets</u>
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Public safety	\$12,894,503	\$6,706,316	\$ 604,546	\$ 224,004	\$ (5,359,637)
Interest on long-term debt	89,529	-	-	-	(89,529)
	<u>\$12,984,032</u>	<u>\$6,706,316</u>	<u>\$ 604,546</u>	<u>\$ 224,004</u>	<u>(5,449,166)</u>

General Revenues:

Taxes:

Property taxes	5,673,585
State revenue sharing	275,375
State supplemental pay	328,499
Investment earnings	132,742
Miscellaneous	180,619
Seized assets	325,869
Forfeited assets received	6,000
Total General Revenues	<u>6,922,689</u>

Change in Net Assets 1,473,523

Net assets, beginning, restated 1,199,413

Net assets, ending \$ 2,672,936

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Sheriff
Amite, Louisiana

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

	General Fund	Tri-Parish Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 1,509,416	\$ 37,057	\$ 15,197	\$ 1,561,670
Accounts Receivable	530,365	150	-	530,515
Due from other funds -				
General Fund	-	48,637	-	48,637
Tri-Parish Fund	9,345	-	-	9,345
Seized Asset Fund	-	41,542	-	41,542
Inmate Trust Fund	-	-	44,923	44,923
Criminal Bond Fund	51,430	-	-	51,430
Tax Collector Trust Fund	184,934	-	-	184,934
Work Release Operating Fund	61,970	-	-	61,970
Grant receivable	54,639	-	-	54,639
Restricted cash and cash equivalents	5,451	-	35,026	40,477
	<u>\$ 2,407,550</u>	<u>\$ 127,386</u>	<u>\$ 95,146</u>	<u>\$ 2,630,082</u>
<u>Liabilities</u>				
Accounts payable	\$ 245,895	\$ -	\$ -	\$ 245,895
Accrued salaries and wages	227,058	-	-	227,058
Accrued liabilities	32,085	-	-	32,085
Due to other funds -				
General Fund	-	9,345	-	9,345
Tri-Parish Fund	48,637	-	-	48,637
Tax Collector Trust Fund	15,961	-	-	15,961
Seized Asset Fund	3,993	-	-	3,993
Work Release Trust Fund	48,931	-	-	48,931
Due to Other Governments	-	4,480	-	4,480
	<u>622,560</u>	<u>13,825</u>	<u>-</u>	<u>636,385</u>
<u>Fund Balance</u>				
Reserved	5,451	-	35,026	40,477
Unreserved, Undesignated	1,779,539	113,561	60,120	1,953,220
	<u>1,784,990</u>	<u>113,561</u>	<u>95,146</u>	<u>1,993,697</u>
	<u>\$ 2,407,550</u>	<u>\$ 127,386</u>	<u>\$ 95,146</u>	<u>\$ 2,630,082</u>

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Sheriff
Amite, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2005

Fund balances - total governmental funds	\$ 1,993,697
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,036,791
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(357,552)</u>
Net assets of governmental activities	<u>\$ 2,672,936</u>

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Sheriff
Amite, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2005

	General Fund	Tri-Parish Fund	Other Governmental Funds	Total
<u>Revenues</u>				
Taxes - Ad Valorem	\$ 5,673,585	\$ -	\$ -	\$ 5,673,585
Intergovernmental:				
Federal Grants	630,408	37,821	-	668,229
State Grants	26,670	-	-	26,670
State Revenue Sharing	275,375	-	-	275,375
State Supplemental Pay	328,499	-	-	328,499
Fees, Charges, & Commissions:				
Fines and Forfeitures	418,696	-	-	418,696
Civil and Court Fees	971,770	-	-	971,770
Prisoner Housing and Reimbursements	3,745,175	-	-	3,745,175
Contract Services	390,149	-	-	390,149
Commissions From Tax Collector	380,605	-	-	380,605
Pay Phone Commissions	138,273	-	-	138,273
Inmate Commissary	-	-	468,361	468,361
On Behalf Payments - Retirement	124,596	-	-	124,596
Interest Earned	126,214	4,757	1,771	132,742
Seized Assets	257,556	68,313	-	325,869
Donations	4,955	-	4,100	9,055
Miscellaneous	367,344	6,562	-	373,906
Total Revenues	<u>13,859,870</u>	<u>117,453</u>	<u>474,232</u>	<u>14,451,555</u>
<u>Expenditures</u>				
Public Safety:				
Salaries	6,847,844	25,721	-	6,873,565
Payroll Taxes	152,269	-	-	152,269
Retirement Contributions	622,588	-	-	622,588
On Behalf Payments - Retirement	124,596	-	-	124,596
Employee Benefits	1,225,787	-	-	1,225,787
Office Expenditures	333,920	-	4,369	338,289
Insurance	328,816	-	-	328,816
Law Enforcement	411,320	56,244	-	467,564
Automobile	940,247	-	-	940,247
Professional Services	253,227	-	-	253,227
Telephone and Utilities	180,088	-	-	180,088
Grant Expenditures	58,727	-	-	58,727
Miscellaneous	87,998	-	-	87,998
Commissary Expenditures	-	-	262,126	262,126
Prisoner/Jail Expenditures	595,198	-	8,818	604,016
DARE Expenditures	-	-	275	275
Capital Outlay	581,344	-	-	581,344
Debt Service:				
Principal	107,000	-	-	107,000
Interest	89,529	-	-	89,529
Total Expenditures	<u>12,940,498</u>	<u>81,965</u>	<u>275,588</u>	<u>13,298,051</u>

(Continued)

Tangipahoa Parish Sheriff
Amite, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2005

	<u>General Fund</u>	<u>Tri-Parish Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Excess of revenues over expenditures	\$ 919,372	\$ 35,488	\$ 198,644	\$ 1,153,504
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	199,809	-	-	199,809
Operating transfers out	-	-	(199,809)	(199,809)
Sale of capital assets	25,540	-	-	25,540
Proceeds from capital leases	51,578	-	-	51,578
Forfeited assets received	6,000	-	-	6,000
Total other financing sources (uses)	<u>282,927</u>	<u>-</u>	<u>(199,809)</u>	<u>83,118</u>
Net change in Fund Balance	1,202,299	35,488	(1,165)	1,236,622
Fund balance, beginning, restated	<u>582,691</u> *	<u>78,073</u> *	<u>96,311</u> #	<u>757,075</u>
Fund balance, ending	<u>\$ 1,784,990</u>	<u>\$ 113,561</u>	<u>\$ 95,146</u>	<u>\$ 1,993,697</u>

(Concluded)

*These funds had beginning fund balance restated.

#See Note 21.

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Sheriff
Amite, Louisiana

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

Net change in fund balances - total governmental funds \$ 1,236,622

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 255,913

In the statement of activities, only the loss on the disposed assets is reported, whereas in the governmental funds, the proceeds from the disposition increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the equipment disposed of. (89,460)

Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments. (36,552)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of principal repayments. 107,000

Change in net assets of governmental activities \$ 1,473,523

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Sheriff
Amite, Louisiana

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2005

	Agency Funds								Total
	Civil Fund	Criminal Bond Fund	Tax Collector Trust Fund	Inmate Trust Fund	Work Release Operating Fund	Work Release Trust Fund	Seized Asset Fund		
<u>Assets</u>									
Cash and cash equivalents	\$ 268,603	\$ 472,278	\$ 411,321	\$ 135,697	\$ 93,258	\$ 128,873	\$ 137,334	\$ 1,647,364	
Due from other funds	-	-	15,961	-	-	80,219	3,993	100,173	
Total Assets	268,603	472,278	427,282	135,697	93,258	209,092	141,327	1,747,537	
<u>Liabilities</u>									
Due to other funds	-	51,430	184,934	44,923	93,258	-	41,542	416,087	
Due to inmates	-	-	-	74,696	-	209,092	-	283,788	
Due to others	268,603	420,848	242,348	16,078	-	-	99,785	1,047,662	
Total Liabilities	268,603	472,278	427,282	135,697	93,258	209,092	141,327	1,747,537	
<u>Net Assets</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are in integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

TANGIPAHOA PARISH SHERIFF
Amite, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

INTRODUCTION

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, when requested, the Sheriff provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, fines, costs, and bond forfeitures imposed by the district court.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY AND REPORTING MODEL

The Sheriff is an independently elected official; however, the Sheriff is fiscally dependent on the Tangipahoa Parish Government (Parish). The Parish maintains and operates the parish courthouse in which the Sheriff's office is located and provides funds for equipment and furniture of the Sheriff's office. Because the Sheriff is fiscally dependent on the Parish, the Sheriff was determined to be a component unit of the Tangipahoa Parish Government, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Sheriff and do not present information on the Parish, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

The accompanying basic financial statements of the Tangipahoa Parish Sheriff (Sheriff) have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999. Management has elected to not present the Management's Discussion and Analysis.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual financial reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

Tangipahoa Parish Sheriff
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
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Government-Wide Financial Statements – The reporting model includes financial statements prepared using full accrual accounting for all of the government’s activities. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Assets – The Statement of Net Assets is designed to display the financial position of the primary government (government and business-type activities). Governments will report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and will report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net assets of a government will be broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities – The new government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government’s accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial process of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government’s original budget to the current comparison of final budget and actual results.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statement (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) fees, fines, and charges, to customers or applicants who purchase, use or directly benefit from goods, services, or privileges, provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even through the latter are excluded from the government-wide financial statements. The focus of governmental fund financial statements is on “major” funds. Fund statements present in separate columns the General Fund, followed by major funds, with non-major funds aggregated and displayed in a separate column. The new model (GASB Statement 34) sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental funds combined) for the determination of major funds. In addition to the funds that meet the major fund criteria, any other governmental fund that the government’s officials believe is particularly important to financial statement users may be reported as a major fund.

Tangipahoa Parish Sheriff
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NOTES TO THE FINANCIAL STATEMENTS
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**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING,
AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as well as the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Sheriff reports the following major governmental funds:

General Fund:

The General Fund is the Sheriff's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund:

The Tri Parish Fund accounts for the receipt and use of proceeds from the Tri-Parish Federal grant and revenues generated from seized assets. These resources are used to pay for the operation of the Tri-Parish Narcotics Task Force.

Additionally, the Sheriff reports the following fund type:

Fiduciary Funds:

Agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from these funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The individual agency funds used by the Sheriff for the year ended June 30, 2005, are as follows:

The Civil Fund accounts for funds held in connection with civil suits, Sheriff's sales and garnishments and payment of these collections to the Sheriff 's General Fund and other recipients in accordance with applicable laws.

The Criminal Bond Fund accounts for the collection of bonds, fines, and costs and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Tangipahoa Parish Sheriff
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NOTES TO THE FINANCIAL STATEMENTS
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The Tax Collector Trust Fund – Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Trust Fund is used to collect and distribute these taxes and fees to the appropriate taxing bodies.

The Inmate Trust Fund accounts for the deposits made by, and for, inmates to their individual accounts and the appropriate disbursements to these inmates.

The Work Release Operating Fund accounts for the deposits of inmate payroll checks and the withholding of inmate expenses prior to deposit into the Work Release Trust Fund.

The Work Release Trust Fund accounts for the proceeds from inmate payroll checks after expenses are withheld.

The Seized Assets Fund accounts for cash seized during narcotics arrests prior to submission to the Federal Drug Enforcement Agency or the 21st Judicial Court.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

D. BUDGETS

Governmental accounting standards require that formal budgetary accounting be implemented as a management control for all governmental funds of the Sheriff. An annual operating budget should be adopted each fiscal year and amended as required for the General Fund and all Special Revenue Funds. The same basis of accounting is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis. Budgets are prepared and adopted in accordance with the Louisiana Local Government Budget Act. Budgetary control is exercised at the fund level for each fund.

All budget appropriations lapse at the end of each fiscal year.

The proposed original budget for the General Fund was made available for public inspection on May 20, 2004, and was published in the official journal on that same day. A public hearing was held at the Tangipahoa Parish Sheriff's Office on June 1, 2004. The original budget was adopted on June 1, 2004.

The General Fund budget was amended once during the fiscal year with the final amendment taking place on June 6, 2005.

The Sheriff did not adopt budgets for the Tri-Parish, Inmate Commissary, and DARE Scholarship Special Revenue Funds for the fiscal year ended June 30, 2005.

E. ENCUMBRANCES

The Sheriff does not use encumbrance accounting.

Tangipahoa Parish Sheriff
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2005

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

G. INVESTMENTS

Investments are limited by R. S. 33:2955 and the Sheriff's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. The Sheriff had no investments at June 30, 2005.

H. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

I. ELIMINATION AND RECLASSIFICATION

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

J. CAPITAL ASSETS

Capital assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$1,000 for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Vehicles	3 years
Office Furniture	10 years
Computer equipment	3 years
Other machinery and equipment	5 years
Buildings	30 years
Buildings improvements	20 years

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NOTES TO THE FINANCIAL STATEMENTS
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K. COMPENSATED ABSENCES

Effective July 1, 2004, the Sheriff has the following policy relating to vacation and sick leave:

- a. All full time employees who have not yet attained his/her fifth anniversary of uninterrupted full time employment with the Sheriff's Office by the end of the preceding fiscal year, shall earn 3.25 hours of each compensated leave for each 14-day pay period of employment.
- b. All full time employees who have attained his/her fifth year anniversary of uninterrupted full time employment with the Sheriff's Office by the end of the preceding fiscal year, shall earn 4.75 hours of each compensated leave for each 14-day pay period of employment.
- c. Employees on leave without pay for more than 50% of pay period, with the exception of approved mandatory military reserve duty, will not earn any compensated leave for that pay period.
- d. Leave time that is converted to sick time shall be limited to 360 hours. Any time in excess of 360 shall be stricken from the Sheriff's Office leave record.

An employee will be allowed to carry over 120 hours of annual leave into the next fiscal year. Any annual leave in excess of 120 hours will convert to sick time.

Compensated leave will accrue to the employee bank on a pay period basis.

The Sheriff's leave policy does not provide for the vesting or compensation of leave. Due to this, no liability for the approximated \$147,550 of accrued leave has been recorded for the fiscal year ended June 30, 2005.

L. RESTRICTED NET ASSETS

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and

Imposed by law through constitutional provisions or enabling legislation.

The Sheriff has restricted net assets for the payment of the bonds payable and scholarships for the DARE program.

M. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

N. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

Tangipahoa Parish Sheriff
 Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
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O. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. REVENUES AND EXPENDITURES – ACTUAL AND BUDGET

The following individual fund had actual expenditures and other uses over budgeted expenditures and other uses for the year ended June 30, 2005:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
General Fund	\$11,467,100	\$11,972,912	\$12,940,498	\$967,586	8.08%

LA. R. S. 39:1311 requires the Sheriff to amend his operating budget when total actual expenditures and other uses exceed the total budgeted expenditures and other uses by 5% or more. The Sheriff failed to amend the budget by an adequate amount for the general fund for the fiscal year ended June 30, 2005.

3. AD VALOREM TAXES

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied in October and billed to the taxpayers in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Tangipahoa Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's and legislative pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2005, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 17.81 mills on property with assessed valuations totaling \$304,446,310.

Total law enforcement taxes levied during 2005 were \$5,422,193. Taxes receivable in the General Fund at June 30, 2005, were nil.

The following is a summary of authorized and levied (tax rate per \$1,000 Assessed Value) ad valorem taxes:

<u>Parish-wide Taxes</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Law Enforcement District (Maintenance)	7.81	7.81	Not applicable
Law Enforcement District (Operational)	10.00	10.00	2010

Tangipahoa Parish Sheriff
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NOTES TO THE FINANCIAL STATEMENTS
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4. CASH AND INTEREST BEARING DEPOSITS

At June 30, 2005, the Sheriff has cash and cash equivalents (book balances) totaling \$3,249,511 as follows:

Petty cash	\$ 4,205
Interest-bearing demand deposits	3,197,399
Time deposits	46,083
Evidence held	<u>1,824</u>
 Total	 <u>\$ 3,249,511</u>

Of the \$3,249,511, \$1,647,364 is attributable to fiduciary funds, which is not presented in the statement of net assets.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Per GASB Statement 3, as amended; the Sheriff's deposits are exposed to custodial credit risk since the collateral pledged by the fiscal agent is not held in the Sheriff's name.

At June 30, 2005, the Sheriff has \$3,584,109 in deposits (collected bank balances). These deposits are secured from risk by \$246,452 of federal deposit insurance and \$3,337,657 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent has failed to pay deposited funds upon demand.

5. RECEIVABLES

The receivables of \$585,154 at June 30, 2005, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Tri-Parish Fund</u>	<u>Total</u>
Accounts	\$ 530,365	\$ 150	\$ 530,515
Grants	<u>54,639</u>	<u>-</u>	<u>54,639</u>
 Total	 <u>\$ 585,004</u>	 <u>\$ 150</u>	 <u>\$ 585,154</u>

All receivables are considered collectible as of June 30, 2005, and therefore no allowance for uncollectibles has been established.

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NOTES TO THE FINANCIAL STATEMENTS
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6. INTERFUND RECEIVABLES, PAYABLES

Amounts due to or from other funds at June 30, 2005, consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General Fund	\$ 307,679	\$ 117,522
Special Revenue Funds -		
Tri-Parish Fund	90,179	9,345
Inmate Commissary	44,923	-
Agency Funds -		
Criminal Bond Fund	-	51,430
Tax Collector Trust Fund	15,961	184,934
Inmate Trust Fund	-	44,923
Work Release Operating Fund	-	93,258
Work Release Trust Fund	80,219	-
Seized Asset Fund	<u>3,993</u>	<u>41,542</u>
Total	<u>\$ 542,954</u>	<u>\$ 542,954</u>

7. RESTRICTED ASSETS

Restricted assets at June 30, 2005, consist of cash reserved for:

DARE Scholarship fund requirements	\$ 35,026
Refunding Bond requirements	<u>5,451</u>
Total Restricted Assets	<u>\$ 40,477</u>

Tangipahoa Parish Sheriff
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NOTES TO THE FINANCIAL STATEMENTS
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8. CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2005:

<u>Governmental Activities:</u>	<u>Audited Balance 6/30/04</u>	<u>**Adjustments to restate 6/30/04</u>	<u>Restated Balance 6/30/04</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/05</u>
Capital assets not depreciated:						
Land and land improvements	\$ -	\$ 61,100	\$ 61,100	\$ -	\$ -	\$ 61,100
Other capital assets:						
Buildings	-	85,327	85,327	-	-	85,327
Data processing equipment	222,665	(13,041)	209,624	32,044	46,145	195,523
Law enforcement equipment	1,246,701	(641,584)	605,117	52,952	182,766	475,303
Office equipment	137,092	(66,544)	70,548	3,050	31,551	42,047
Vehicles	1,769,091	22,195	1,791,286	493,298	566,074	1,718,510
Total other capital assets	3,375,549	(613,647)	2,761,902	581,344	826,536	2,516,710
Less: Accumulated depreciation						
Buildings	-	8,058	8,058	2,845	-	10,903
Data processing equipment	193,658	(11,972)	181,686	22,780	41,271	163,195
Law enforcement equipment	715,145	(379,305)	335,840	69,620	145,306	260,154
Office equipment	124,322	(60,102)	64,220	715	25,747	39,188
Vehicles	1,364,137	(1,277)	1,362,860	229,471	524,752	1,067,579
Total accumulated depreciation	2,397,262	(444,598)	1,952,664	325,431	737,076	1,541,019
Other capital assets, net	978,287	(169,049)	809,238	255,913	89,460	975,691
Total governmental activities capital assets, net	\$ 978,287	\$ (107,949)	\$ 870,338	\$ 255,913	\$ 89,460	\$1,036,791

Depreciation expense in the amount of \$325,431 was charged to public safety.

**The balances have been restated at July 1, 2004, due to a change in the capitalization threshold limit and for corrections due to errors in prior year reporting.

9. PENSION PLAN

Plan Description. Substantially all employees of the Tangipahoa Parish Sheriff's Office are members of the Louisiana Sheriffs Pension and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All Sheriffs and all deputies who are found to be physically fit, who earn at least \$800 per month, and who were between the ages of 18 and 50 at the time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 2.5% for each year if total service is at least 12 but less than 15 years, 2.75% for each year if total service is at least 15 but less than 20 years, and 3% for each year if total service is at least 20 years (Act 1117 of 1995 increased the accrual rate by 0.25% for all service rendered on or after January 1, 1980.) In any case, the retirement benefit cannot exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs Pension and Relief Fund, Post Office Box 3163, Monroe, Louisiana 71220, or by calling (318) 362-3191.

Funding Policy. Plan members are required by state statute to contribute 10.00% of their annual covered salary and the Tangipahoa Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Tangipahoa Parish Sheriff are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Tangipahoa Parish Sheriff's contributions to the System for the years ending June 30, 2005, 2004, and 2003, were \$601,042, \$453,251, and \$454,100, respectively, equal to the required contributions for each year.

10. OTHER POSTEMPLOYMENT BENEFITS

Due to the passage of Act No. 973 to amend Louisiana R.S. 33:1448 (G) by the Louisiana Legislature, the Sheriff is now required to pay post employment benefits. The amended act reads as follows:

"The premium costs of group hospital, surgical, medical expense and dental insurance and the first ten thousand dollars of life insurance contracted for under the provisions of this Section shall be paid in full from the Sheriff's general fund for all sheriffs and deputy sheriffs retired with at least fifteen years of service who are at least 55 years of age or retired with at least thirty years of service at any age."

The present Sheriff is challenging this Act. A petition for declaratory judgment was filed with the 21st Judicial District on June 30, 2005. The outcome of this petition is expected in January 2006.

Subsequent to June 30, 2005, the Sheriff has entered into settlements with approximately 10 defendants named in the petition. These individuals received \$4,500 and agreed to release the Sheriff from any future liability. There are about 25 remaining defendants that have not settled.

Tangipahoa Parish Sheriff
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NOTES TO THE FINANCIAL STATEMENTS
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11. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund balances due to taxing bodies and others and due to prisoners follows:

	Balance 6/30/2004	Additions	Reductions	Balance 6/30/2005
Civil Fund	\$ 317,946	\$ 4,461,928	\$ (4,510,902)	\$ 268,972
Criminal Bond Fund	279,583	2,585,264	(2,392,569)	472,278
Tax Collector Trust Fund	208,273	28,714,370	(28,511,122)	411,521
Inmate Trust Fund	66,857	728,422	(659,582)	135,697
Work Release Operating Fund	5,861	1,013,475	(926,078)	93,258
Work Release Trust Fund	38,214	434,608	(343,949)	128,873
Seized Asset Fund	75,130	420,965	(358,761)	137,334
Total	\$ 991,864	\$ 38,359,032	\$ (37,702,963)	\$ 1,647,933

12. SHORT-TERM DEBT

The Sheriff borrowed \$4,000,000 on July 1, 2004. This was a revenue anticipation note, bearing interest at 3.375%. The Sheriff repaid the borrowed funds on February 10, 2005, along with interest of \$74,527. The proceeds were used to subsidize operations of the general fund.

13. LEASES

The Sheriff records items under capital leases as assets and obligations in the accompanying financial statements. The Sheriff has two (2) capital leases for vehicles. These leases have an original recorded amount of \$51,578.

The following is a summary of future minimum lease payments under the capital leases and the present value of the net minimum lease payments as of June 30, 2005.

<u>FYE June 30</u>	<u>Total</u>
2006	\$ 16,736
2007	18,634
2008	<u>3,365</u>
Future minimum lease payments	38,735
Less: Amount representing interest	<u>(2,183)</u>
Present value of net minimum lease payments	<u>\$ 36,552</u>

Tangipahoa Parish Sheriff
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NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2005

14. LONG-TERM DEBT

A. SUMMARY OF CHANGES IN LONG-TERM DEBT

The following is a summary of the long-term obligation transactions for the year ended June 30, 2005:

	Balance <u>7/1/2004</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2005</u>	Due Within <u>One Year</u>
<i>Governmental Activities:</i>					
Capital lease obligations	\$ -	\$ 51,578	\$ 15,026	\$ 36,552	\$ 15,290
Refunding bonds payable	<u>428,000</u>	<u>-</u>	<u>107,000</u>	<u>321,000</u>	<u>107,000</u>
Total government activities	<u>\$ 428,000</u>	<u>\$ 51,578</u>	<u>\$ 122,026</u>	<u>\$ 357,552</u>	<u>\$ 122,290</u>

B. BONDS

Refunding bonds payable are comprised of the following issue:

\$535,000 Refunding Bonds, Series 2003, dated December 8, 2003.

Due in annual installments of \$107,000 through March 1, 2008;
interest at 3.25% payable semi-annually March 1 and September 1 each year.

\$321,000

C. DEBT SERVICE REQUIREMENTS TO MATURITY

The annual requirements to amortize all Refunding Bonds debt outstanding as of June 30, 2005, including interest, are as follows:

Revenue Bonds Payable

Year Ending <u>June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 107,000	\$ 10,432	\$ 117,432
2007	107,000	6,955	113,955
2008	<u>107,000</u>	<u>3,478</u>	<u>110,478</u>
	<u>\$ 321,000</u>	<u>\$ 20,865</u>	<u>\$ 341,865</u>

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NOTES TO THE FINANCIAL STATEMENTS
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15. DEDICATION OF REVENUES AND FLOW OF FUNDS

The Sheriff acting as chief executive officer of the Law Enforcement District of Tangipahoa Parish adopted a resolution on December 8, 2003, authorizing the issuance of Refunding Bonds, Series 2003, in the amount of \$535,000 to pay the balance of the 1994 Series Bonds, accrued interest on the bonds, and bond issue cost.

In that resolution the revenues from the 7.8 mills tax together with the State Revenue Sharing funds are irrevocably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes. In that resolution, a special fund was required to be established to account for the receipt and disbursements of the tax revenues. An analysis of this special account is provided as follows:

Sinking Fund – The bond resolution requires that for the payment of the principal of and the interest on the Bond, a special fund be created to be known as the “Refunding Bond, Series 2003 Sinking Fund”, said Sinking Fund to be established and maintained with the fiscal agent.

The Sheriff shall deposit into the Sinking Fund from the first tax and contract revenues received in any calendar year, commencing December 1, 2003, and from any tax revenues presently on hand, a sum equal to the principal and/or interest falling due on the Bond in that calendar year, together with such additional proportionate sum as may be required to pay said principal and interest as the same become due and any amount required to pay the charges of the paying agent.

The Sheriff did not comply with this covenant for the fiscal year ended June 30, 2005. The Sheriff failed to make timely deposits. However, the Sinking Fund had sufficient funds in the account by the payment due date.

16. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2005, consisted of \$199,809 transferred to the General Fund from the Inmate Commissary Fund to subsidize operations.

17. RELATED PARTY TRANSACTIONS

The Sheriff entered into a contract with Pace Consultants in July 2004 to provide consulting and notarial services for \$2,400 per month. During the year ended June 30, 2005, Pace Consultants was paid \$28,800. Pace Consultants is solely owned by the Chief Civil Deputy.

Tangipahoa Parish Sheriff
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2005

18. RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are handled by the Sheriff through the purchase of various commercial insurance policies with varying coverage limits, deductibles, and premiums based on the type of policy. No significant reductions in insurance coverage from coverage in the prior year occurred, and no claims exceeded the Sheriff's insurance coverage.

Effective October 1, 2004, the Sheriff elected to implement a Workman's Compensation plan to cover all deputies and employees compensated through the Tangipahoa Parish Sheriff's payroll fund.

However, the Sheriff does not maintain surety bonds on his employees that are involved in financial matters.

19. LITIGATION AND CLAIMS

Litigation: The Sheriff is a defendant in several lawsuits. Management and legal counsel for the Sheriff believe that the potential claims against the Sheriff not covered by insurance would not materially affect the Sheriff's financial position.

Grant Disallowances: The Sheriff participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Sheriff's management believes that the amount from future audits would not be material.

Other: Per the U. S. Employment Opportunity Commission, for the year ended June 30, 2005, there were six (6) complaints or investigations in progress against the Sheriff. Four of the complaints had "No Cause Findings" issued and two complaints had "Notice of Right to Sue" issued.

20. ON-BEHALF PAYMENTS BY TANGIPAHOA PARISH TAX COLLECTOR

For the year ended June 30, 2005, the Tangipahoa Parish Tax Collector made on behalf payments in the form of pension contributions to the Louisiana Sheriff's Pension and Relief Fund. In accordance with GASB 24, the Sheriff has recorded \$124,596 of on behalf payments as revenue and as expense in the General Fund.

Tangipahoa Parish Sheriff
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2005

21. PRIOR PERIOD ADJUSTMENTS

A) In the fund financial statements, the unreserved beginning fund balance for the following funds has been restated to reflect the retroactive recording of prior period adjustments to the June 30, 2004, balance:

General Fund

Unreserved fund balance at June 30, 2004	\$ 577,453
Accounts receivable were over accrued	(35,066)
Incorporate the Debt Service Fund into the General Fund	40,304
Unreserved fund balance at June 30, 2004, as restated	<u>\$ 582,691</u>

Tri-Parish Fund

Unreserved fund balance at June 30, 2004	\$ 38,216
Incorporate Seized Asset Fund into Tri-Parish	44,564
Accounts payable accrued in error	26,321
Accounts receivable were over accrued	(31,028)
Unreserved fund balance at June 30, 2004, as restated	<u>\$ 78,073</u>

DARE Scholarship Fund

Unreserved fund balance at June 30, 2004	\$ 29,480
Prior year check voided	1,000
Unreserved fund balance at June 30, 2004, as restated	<u>\$ 30,480</u>

B) In the government-wide financial statements the beginning balance of net capital assets was reduced by \$107,949 through a prior period adjustment as follows:

Adjustments to beginning capital assets, cost	\$ (552,547)
Adjustments to beginning accumulated depreciation	444,598
Net adjustment	<u>\$ (107,949)</u>

22. RESTRICTED NET ASSETS AND RESERVED FUND BALANCE

At June 30, 2005, the General Fund had restricted net assets/fund balance of \$5,451 for debt service.

At June 30, 2005, the DARE Scholarship Fund had restricted net assets/fund balance of \$35,026 representing the Sheriff's funds restricted by donors.

Tangipahoa Parish Sheriff
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2005

23. SUBSEQUENT EVENTS

Subsequent to June 30, 2005, the following occurred:

1. The Sheriff was approved for a \$2.5 million dollar line of credit on July 8, 2005. On September 1, 2005, \$500,000 was drawn down.
2. On August 29, 2005, Hurricane Katrina hit Louisiana affecting Tangipahoa Parish. The Sheriff expects to receive approximately \$1 million dollars in FEMA funds for security payroll expense.
3. In August 2005 the Sheriff received \$23,622 from the U. S. Department of Justice as its share of forfeitures from drug seizures.
4. The Sheriff received \$38,890 as a "dividend" from the Louisiana Sheriff's Association unemployment fund. The fund was overfunded.
5. The Sheriff entered into a lease purchase agreement to purchase a new DARE Suburban. Total vehicle cost was \$31,275.

REQUIRED SUPPLEMENTAL INFORMATION

TANGIPAOA PARISH SHERIFF
Amite, Louisiana

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Reimbursed Pay	\$ 33,000	\$ 824,814	\$ -	\$ (824,814)
Ad Valorem Taxes	5,424,800	5,998,450	5,673,585	(324,865)
State Revenue Sharing	-	-	275,375	275,375
Civil and Court Fees	996,800	1,457,599	971,770	(485,829)
Commissions from Tax Collector	208,000	-	380,605	380,605
Fines and Forfeitures	-	-	418,696	418,696
Feeding and Keeping Prisoners	3,108,000	3,366,709	3,745,175	378,466
Court Attendance	10,000	-	-	-
Transporting Prisoners	50,000	-	-	-
State Supplemental Pay	363,600	-	328,499	328,499
Interest Earned	56,000	-	126,214	126,214
Federal/State/Local Grants	458,048	653,502	657,078	3,576
Security Guard Services	410,000	-	390,149	390,149
Payphone Commissions	60,000	-	138,273	138,273
On Behalf Payments - Retirement	-	-	124,596	124,596
Seized Assets	8,000	153,108	257,556	104,448
Miscellaneous Income	135,700	255,798	367,344	111,546
Contributions/Donations	-	2,500	4,955	2,455
Reimbursed Expenses	-	20,647	-	(20,647)
Total revenues	<u>11,321,948</u>	<u>12,733,127</u>	<u>13,859,870</u>	<u>1,126,743</u>
<u>Expenditures</u>				
Salaries	6,117,500	6,327,584	6,847,844	(520,260)
Salaries-Judges Secretaries	-	173,225	-	173,225
Death Benefit	4,800	-	-	-
Payroll Expense	133,000	146,517	152,269	(5,752)
Retirement Contributions	-	-	622,588	(622,588)
On Behalf Payments - Retirements	-	-	124,596	(124,596)
Employee Benefits	1,565,500	1,774,034	1,225,787	548,247
Employment Expense	-	42,506	-	42,506
Office Expense	300,000	265,061	333,920	(68,859)
Auto Expense	1,183,000	598,572	940,247	(341,675)
Law Enforcement Expense	242,000	300,597	411,320	(110,723)
Prison Expense	611,200	517,719	595,198	(77,479)
Repairs and Maintenance-Prison	11,000	3,400	-	3,400
Repairs and Maintenance	55,200	-	-	-
Interest Expense/Professional services	80,000	74,527	-	74,527
Professional Services	236,000	340,759	253,227	87,532
General Liability Insurance	200,000	571,292	328,816	242,476
Medical Claims	30,000	-	-	-
Miscellaneous Expense	2,400	-	87,998	(87,998)
DARE Expense	10,000	16,000	-	16,000
Capital Outlay	537,500	491,280	581,344	(90,064)
Bond Payments(Principal and Interest)	145,000	121,707	196,529	(74,822)
Federal/State/Local Grant Expense	-	34,369	58,727	(24,358)
Telephone and Utilities	-	147,000	180,088	(33,088)
Indemnity/Claims Expense	-	6,504	-	6,504
Total expenditures	<u>11,464,100</u>	<u>11,952,653</u>	<u>12,940,498</u>	<u>(987,845)</u>
Excess (deficiency) of revenues over expenditures	<u>(142,152)</u>	<u>780,474</u>	<u>919,372</u>	<u>138,898</u>

(Continued)

Tangipahoa Parish Sheriff
Amite, Louisiana

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Other financing sources (uses):</u>				
Operating transfers in:				
Work Release Program	72,000	388,500	-	(388,500)
Inmate Trust	-	6,370	-	(6,370)
Prisoner Asset	100,000	-	-	-
Inmate Commissary Fund	-	-	199,809	199,809
Operating transfers out:				
Triad/Salt	-	(807)	-	807
Tri-Parish Expenditures	(3,000)	(19,452)	-	19,452
Sale of capital assets	-	-	25,540	25,540
Proceeds from capital lease	-	-	51,578	51,578
Forfeited assets received	-	-	6,000	6,000
Total other financing sources (uses)	<u>169,000</u>	<u>374,611</u>	<u>282,927</u>	<u>(91,684)</u>
Net change in Fund Balance	26,848	1,155,085	1,202,299	47,214
Fund balance, beginning, restated	<u>577,453</u>	<u>577,453</u>	<u>582,691</u>	<u>5,238</u>
Fund balance, ending	<u>\$ 604,301</u>	<u>\$ 1,732,538</u>	<u>\$ 1,784,990</u>	<u>\$ 52,452</u>

(Concluded)

See accountant's report.

OTHER SUPPLEMENTAL INFORMATION

TANGIPAHOA PARISH SHERIFF
Amite, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2005

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal*** Expenditures</u>
U.S. Department of Justice			
Direct Award Programs:			
Local Law Enforcement Block Grant	16.592	-	\$ 116,634
COPS in Schools	16.710	-	241,098
COPS Methamphetamine Initiative	16.710	-	78,842
Gang Resistance Education and Training Grant	16.737	-	67,309
Passed through Louisiana Commission on Law Enforcement:			
Law Enforcement Policy Development	16.588	M04-5-009	9,296
Family Strengthening Grant	15.548	W02-5-002	8,270
Juvenile Accountability Incentive Block Grant	16.523	A03-8-016	3,384
Juvenile Justice and Delinquency Prevention	16.540	J03-5-009	19,373
Crime Victims Assistance Grant	16.575	C04-5-011	43,118
Byrne Formula Grant (Tri-Parish Narcotics Task Force)	16.579	B04-5-030	79,785
U.S. Department of Transportation			
Passed through the Louisiana Highway Safety Commission			
State and Community Highway Safety	20.600	PT04-34-00	14,566
U.S. Department of Homeland Security			
Passed through Louisiana Commission on Law Enforcement			
Law Enforcement Terrorism Prevention Program	97.074	X04-5-031	<u>26,835</u>
Total Expenditures of Federal Awards***			<u>\$ 708,510</u>

*** Federal grant revenue amounts were used to approximate expenditures because accounting records do not adequately identify federal grant expenditures.

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Tangipahoa Parish Sheriff and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**OTHER INDEPENDENT AUDITOR'S REPORTS
AND FINDINGS**



LEE GRAY

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Sheriff Daniel Edwards
Tangipahoa Parish Sheriff
Amite, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, the fiduciary funds, and the aggregate remaining fund information of the Tangipahoa Parish Sheriff, Louisiana, (Sheriff) as of and for the year ended June 30, 2005, which collectively comprise the Sheriff's basic financial statements, and have issued my report thereon dated November 15, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered the Tangipahoa Parish Sheriff's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Tangipahoa Parish Sheriff's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of current year findings and questioned costs as item numbers 05-08, 05-09, 05-10, 05-11, 05-13, 05-14, 05-15, 05-16, 05-18, and 05-21.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider items 05-08, 05-09, 05-10, 05-11, 05-13, 05-14, 05-15, 05-16, 05-18, and 05-21 to be material weaknesses.

Tangipahoa Parish Sheriff
Amite, Louisiana

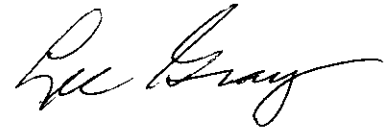
Independent Auditor's Report on Internal Control Over Financial Reporting
and On Compliance and Other Matters - Concluded

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Tangipahoa Parish Sheriff's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my test disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of current year findings and questioned costs as items 05-01, 05-02, 05-03, 05-04, 05-05, 05-06, 05-07, 05-12, 05-17, 05-19, and 05-20.

I also noted certain additional matters that I reported to the management of the Tangipahoa Parish Sheriff in a separate letter dated November 15, 2005.

This report is intended for the information and use of the Sheriff, management, the Legislative Auditor, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

November 15, 2005



LEE GRAY

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Sheriff Daniel Edwards
Tangipahoa Parish Sheriff
Amite, Louisiana

Compliance

I have audited the compliance of the Tangipahoa Parish Sheriff with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Tangipahoa Parish Sheriff's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Tangipahoa Parish Sheriff's management. My responsibility is to express an opinion on the Tangipahoa Parish Sheriff's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Tangipahoa Parish Sheriff's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Tangipahoa Parish Sheriff's compliance with those requirements.

As described in item 05-27 in the accompanying schedule of current year findings and questioned costs, the Tangipahoa Parish Sheriff did not comply with requirements regarding Activities Allowed or Unallowed & Allowable Costs/Cost Principles that are applicable to its COPS in Schools grant. Compliance with such requirements is necessary, in my opinion, for the Tangipahoa Parish Sheriff to comply with requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, The Tangipahoa Parish Sheriff, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. The results of my auditing procedures also disclosed other instances on noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 05-24, 05-25, 05-27, and 05-28.

Tangipahoa Parish Sheriff
Amite, Louisiana

Independent Auditor's Report on Compliance
and on Internal Control over Compliance – OMB Circular A-133

Internal Control over Compliance

The management of the Tangipahoa Parish Sheriff is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Tangipahoa Parish Sheriff's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect the Tangipahoa Parish Sheriff's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-22, 05-23, 05-26, and 05-29.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider items 05-22, 05-23, and 05-26 to be material weaknesses.

This report is intended for the information and use of the Sheriff, management, the Legislative Auditor, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

November 15, 2005

Tangipahoa Parish Sheriff
Amite, Louisiana

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2005

SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS		
COMPLIANCE SECTION		
2004-C1	Inappropriate Expenditure of Restricted DARE Scholarship Funds	Resolved
2004-C2	Failure to Obtain Approval from State Bond Commission to Incur Debt	Resolved
2004-C3	Failure to Comply with Federal and State Payroll Tax Reporting Regulations	Resolved
2004-C4	Failure to Comply with the Public Bid Law	Unresolved - See current year finding 05-04
2004-C5	Failure to Comply with Deputy Sheriff's Supplemental Pay Program Requirements	Unresolved - See current year finding 05-20
2004-C6	Failure to Make Daily Deposits of Funds Received	Unresolved - See current year MGNT 05-11
2004-C7	Failure to Comply with \$535,000 Refunding Bonds Sinking Fund Requirements	Unresolved - See current year MGNT 05-09
2004-C8	Prohibited Contractual Arrangements with Employees	Unresolved - See current year finding 05-01
2004-C9	Failure to Provide Required Annual Report of Expenditures	Unresolved - See current year finding 05-06
2004-C10	Inadequate Documentation to Substantiate Uniform Payments	Resolved
2004-C11	Failure to Provide Documentation Substantiating Sheriff's Automobile Allowance	Resolved
2004-C12	Failure to Comply with the Local Government Budget Act	Unresolved - See current year finding 05-05
INTERNAL CONTROL		
2004-I/C1	Lack of Adequate Internal Controls Over De-centralized Accounting Functions	Unresolved - See current year MGNT 05-21
2004-I/C2	Use of Signature Stamp by Personnel Originating Source Transactions	Resolved

Tangipahoa Parish Sheriff

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (continued)

2004-I/C3	Lack of Adequate Internal Controls Over Purchasing and Procurement	Unresolved - See current year finding 05-16
2004-I/C4	Lack of Adequate Internal Controls Over Payroll and Personnel Files	Unresolved - See current year finding 05-18
2004-I/C5	Inadequate Billings and Collections of Inmate Housing Reimbursements	Unresolved - See current year MGNT 05-20
2004-I/C6	Lack of Adequate Control Procedures in the Criminal Division	Partially resolved - See current year MGNT 05-19
2004-I/C7	Failure to Collect Fee for Jury Subpoenas	Partially resolved – See current year MGNT 05-12
2004-I/C8	Unreconciled Balance in the Advanced Civil Deposit Fund	Partially resolved - See current year finding 05-10
2004-I/C9	Inadequate Internal Controls Over Ad Valorem Tax Change Orders	Unresolved - See current year finding 05-08
2004-I/C10	Lack of Adequate Internal Controls Over Inmate Funds at the Jail	Unresolved - See current year finding 05-15
2004-I/C11	Unreconciled Balance in the Inmate Asset Account	Unresolved - See current year finding 05-14
2004-I/C12	Lack of Adequate Internal Controls Over Criminal Bond Funds at the Jail	Resolved
2004-I/C13	Inadequate Internal Controls Over Inmate Work Release Program	Unresolved - See current year finding 05-13
2004-I/C14	Lack of Adequate Documentation For Credit Card Charges	Unresolved - See current year finding 05-16
2004-I/C15	Inmate Signatures for Prison Commissary Purchases Not Obtained	Resolved
2004-I/C16	Inadequate Internal Controls Over Property and Equipment	Resolved
2004-I/C17	Inadequate Internal Controls Over Seized Assets	Resolved
2004-I/C18	Lack of Documentation for Lease Expenditures	Unresolved -See current year finding 05-16
2004-I/C19	Lack of Adequate Documentation for Employee Benefit Expenditures	Unresolved - See current year finding 05-18

Tangipahoa Parish Sheriff

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (concluded)

SECTION 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS		
COMPLIANCE SECTION		
2004-FC1	Failure to Comply with Provisions of the COPS in School Grant	Unresolved - See current year finding 05-27
2004-FC2	Failure to Comply with Provisions of the COPS Methamphetamine Grants	Resolved
2004-FC3	Failure to Comply with Provisions of the Multi-Jurisdictional Drug Task Force Grant (Tri-Parish)	Unresolved - See current year finding 05-23
2004-FC4	Failure to Comply with Provisions of the Local Law Enforcement Block Grant	Unresolved - See current year finding 05-24 and 05-25
INTERNAL CONTROL		
2004-FI/C1	Lack of Proper Segregation of Federal Grant Expenditures	Unresolved - See current year finding 05-22
2004-FI/C2	Lack of a Written Policy and Procedures Manual	Partially resolved - See current year MGNT 05-08
2004-FI/C3	Lack of Adequate Inventory of Fixes Assets Acquired with Federal Grant Funds	Unresolved - See current year finding 05-29
2004-FI/C4	Lack of Policy Regarding Code of Conduct for Employees	Unresolved - See current year MGNT 05-10
SECTION 3. MANAGEMENT LETTER		
2004-M1	Incorrect Reimbursement Request Submitted to 21 st Judicial District Court	Resolved
2004-M2	Improper Loan Origination Fee Charged by Bond Holder	Resolved
2004-M3	Improvement of Internal Controls in the Criminal Division	Resolved
2004-M4	Improvement of Accounting Software for "Taxes-Other" Account	Resolved

TANGIPAOHA PARISH SHERIFF

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2005

SECTION I – SUMMARY OF AUDITOR’S RESULTS

I have audited the financial statements of Tangipahoa Parish Sheriff (Sheriff) as of and for the year ended June 30, 2005, and have issued my report thereon dated November 15, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Financial Statements

Type of auditor’s report issued: unqualified

Internal control over financial reporting:
Material weaknesses identified? X yes no

Reportable conditions identified not considered to be material weaknesses? X yes no

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major programs:
Material weaknesses identified? X yes no

Reportable conditions identified not considered to be material weaknesses? X yes no

Type of auditor’s report issued on compliance for major programs: qualified

Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133? X yes no

Major programs:

CFDA Number 16.592
U. S. Department of Justice
Direct Award Programs
Local Law Enforcement Block Grant

CFDA Number 16.710
U. S. Department of Justice
Direct Award Programs
COPS in Schools

CFDA Number 16.710
U. S. Department of Justice
Direct Award Programs
COPS Methamphetamine Initiative

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Schedule of Current Year Audit Findings - Continued
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Dollar threshold used to distinguish between type A and type B programs: \$500,000

Auditee qualified as low-risk auditee? yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

This section is used to identify the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements required to be reported under *Government Auditing Standards*.

Finding No. 05-01 Prohibited Contractual Arrangement with Employee

The Tangipahoa Parish Sheriff's Office contracted with a company solely owned by the Chief Civil Deputy for "consulting and notarial services" which appears to be in violation of state laws.

Louisiana Revised Statute 42:1113 A. states 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". The Chief Civil Deputy received \$28,800 during the fiscal year ended June 30, 2005, for services rendered under a consulting contract which appears to be in violation of the above referenced statute.

LRS 42:1112 A. states that "no public servant shall participate in a transaction in which he has a personal substantial economic interest of which he may be reasonably expected to know involving the governmental entity". The Chief Civil Deputy submitted the invoices for payment as the consultant, approved the invoices as Chief Civil Deputy, and signed the checks for payment of the invoices. He clearly participated in the transaction which appears to be in violation of state law.

LRS 42:1114 A. states that each public servant and each member of his immediate family who derives any thing of economic value, directly, through any transaction involving the agency of such public servant shall disclose the amount of income or value of any thing of economic value derived, the nature of the business activity, name and address and relationship to the public servant, and the name and business address of the legal entity with the appropriate ethics body by May 1st of each year. No such disclosure was filed with the Ethics Board for the transactions between the Tangipahoa Parish Sheriff 's Office and the Chief Civil Deputy.

Additionally, the contract terms did not state an hourly rate or other fixed payment amount; it merely stated "a cost not to exceed \$2,400 per month". Each invoice presented by the Chief Civil Deputy for contract work was in the amount of \$2,400 with no detail as to the work performed. Upon inquiry, the Chief Civil Deputy advised me that the work was primarily for notarial services; however, no documentation was maintained to support the number of documents notarized or time spent performing notary work.

I recommend that the Tangipahoa Parish Sheriff's Office request an opinion from the Louisiana Ethics Board regarding the contract with the Chief Civil Deputy.

Note: As of September 1, 2005, payments on the contract were voluntarily suspended by the Chief Civil Deputy until the Ethics board reviews the issue.

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Schedule of Current Year Findings and Questioned Costs - Continued
Year Ended June 30, 2005

Finding No. 05-02 Advanced Payment Made in Violation of State Law

The Tangipahoa Parish Sheriff's Office paid an advance of \$17,433 to a local Certified Public Accountant for "advance consulting fees" in violation of state law.

Article VII Section IV of the State Constitution states "the funds, credit, property, or things of value of the state or of any person, association, or corporation, public or private shall not be loaned, pledged, or donated to or for any person, or association, or corporation public or private". Payments made prior to work being performed constitute a prohibited donation of public funds.

I recommend that no payments be made prior to work being performed in the future. In addition, payments should only be made upon submission of detailed invoices documenting the work performed.

Finding No. 05-03 Noncompliance with Federal Equitable Sharing Agreement

The Tangipahoa Parish Sheriff's Office violated the terms of the Federal Equitable Sharing Agreement by failing to properly segregate federal seized asset forfeiture funds.

The *Federal Equitable Sharing Agreement between the Tangipahoa Parish Sheriff's Office and the Department of Treasury* states "the parties agree to establish and/or maintain a separate account, and further agree that funds from state forfeitures or other sources will not be deposited or otherwise commingled with the Federal Equitable Sharing funds". The prior administration maintained a separate bank account for federal seized assets; however, this account was closed under the current administration and federal forfeited assets are now deposited into a "narcotics resources" bank account that includes both state and federal forfeitures.

There are different expenditure regulations for federal and state forfeited funds; therefore, it is imperative that the funds be segregated in order to ensure compliance with the appropriate regulations governing expenditure of the funds.

I recommend that the Tangipahoa Parish Sheriff's Office open a separate bank account to account for the federal asset forfeitures as required by the Federal Equitable Sharing Agreement.

Finding No. 05-04 Noncompliance with Public Bid Law
(Repeated from Prior Year)

The Tangipahoa Parish Sheriff's Office failed to comply with the public bid law as set forth in Louisiana Revised Statute 38:2212.1 and 38:2221 A.

State law requires that all purchases of materials or supplies exceeding the cost of \$20,000 to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to specifications as advertised. In addition, state law also prohibits contracts from being let on a cost-plus basis, except for a few very specific exemptions.

The following instances of noncompliance were noted during my audit:

- Vehicle decal purchases totaling \$34,675 were made without being advertised for bids.
- The advertisement for request for bids regarding uniforms was not placed in the official journal. Uniform purchases totaled \$75,319 during the fiscal year.

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Schedule of Current Year Findings and Questioned Costs - Continued
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- Badge purchases totaling \$21,209 were made without being advertised for bids.
- Sheriff's vehicle was purchased for \$31,410 without being advertised for bids.
- Food purchases during the current fiscal year totaled \$364,984 without advertising for bids.
- Prescription drug and medical supply purchases at the jail totaling \$77,521 for the period July 2004 through March 2005 were not bid. In addition, the medical supply bid for the period April 2005 through June 2005 was invalid as it was solicited on a "cost-plus basis".
- Jail commissary purchases totaling \$207,935 during the period July 2004 through March 2005 were not bid. The commissary bid for the period April 2005 through June 2005 was invalid as it was solicited on a "cost-plus basis".

The Tangipahoa Parish Sheriff should comply with all aspects of the public bid law for all future purchases.

Finding No. 05-05 Failure to Comply with Local Government Budget Act
(Repeated from Prior Year)

My audit disclosed the following violations of the Local Government Budget Act:

Louisiana Revised Statute (LRS) 39:1305 (A) requires that the sheriff prepare a comprehensive budget *presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund.* No budget was prepared for the following special revenue funds: Tri-Parish Fund, Dare Scholarship Fund, and Inmate Commissary Fund.

LRS 39:1305 (C) (1) requires that a budget message signed by the preparer including a summary description of the proposed financial plan, policies and objectives, assumptions, budgetary basis and a discussion of the most important features. The prior Sheriff did not prepare a budget message as required by state law.

LRS 39:1305 (C) (2) (a) requires that the budget include the estimated fund balances at the beginning and the end of the year. The prior Sheriff did not present any fund balance data in his budget.

LRS 39:1311 (A) (2) requires the sheriff to amend his operating budget when total actual expenditures and other uses exceed the total budgeted expenditures and other uses by 5% or more. The Sheriff allowed actual general fund expenditures to exceed total budgeted expenditures by 5% or more as detailed below:

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
\$11,467,100	\$11,972,912	\$12,940,498	\$967,586	8.08%

I recommend that the Sheriff comply with the requirements of the Local Government Budget Act.

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Finding No. 05-06 Failure to Provide Annual Report of Expenditures
(Repeated from Prior Year)

The Tangipahoa Parish Sheriff's Office failed to file the annual report for the fiscal year ended June 30, 2004, with the Tangipahoa Parish Council and the Tangipahoa Parish Clerk of Court by July 30, 2004, as required by state law. However, this information from the prior administration was not available on July 30, 2004.

Louisiana Revised Statutes 42:283 states that "all parish sheriffs shall furnish annually to the governing authority and clerk of court of their respective parishes, a written itemized report showing the expenditures made by their offices, whether made out of the salary or expense funds of said offices". The annual report is due within thirty days after the close of the fiscal year and must contain the following expenditure information:

- Salaries of officials
- Salaries of deputies
- Salaries of other employees
- Office supplies and furnishings
- Other expenditures
- Transporting prisoners, fugitives, and insane persons
- Feeding prisoners

I recommend that the Tangipahoa Parish Sheriff's Office implement procedures to ensure that the annual report is filed in compliance with state law for future years.

Finding No. 05-07 Failure to Timely Disburse Interest Earned on Tax Deposits to Other Taxing Bodies as Required by State Law

The Tangipahoa Parish Sheriff's Office failed to disburse \$51,360 of interest earned on tax deposits to other taxing bodies as required by Louisiana Revised Statute 39:409.

According to state law, interest earned on tax deposits must be distributed annually to the other taxing bodies no later than 5 days after the tax sale. The Tangipahoa Parish Sheriff's Office held the tax sale on June 8, 2005; therefore, the interest disbursement was required to be made by June 13, 2005. As of November 15, 2005, interest earned on tax year 2004 deposits was distributed.

I recommend that the Tangipahoa Parish Sheriff's Office timely disburse the required interest payments to the other taxing bodies as required by state law.

Finding No. 05-08 Inadequate Internal Controls Over the Tax Collector Fund

A. *Inadequate Internal Controls Over Ad Valorem Tax Change Orders*
(Repeated from Prior Year)

Personnel in the tax collectors office who collect and process payments from taxpayers can also input change orders into the current taxes computer system. In addition, the change order number in the computer system is an operator input field and not a unique number assigned by the system, that the system will accept duplicate change order numbers, and that change orders do not print in numerical sequence on the change order report.

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Improvement is needed in the area of change orders to the current taxes software to ensure that unauthorized change orders are not input into the system by personnel who also have access to the payments portion of the program. Allowing personnel who accept cash and process payments in the computer system access to the change orders portion of the program creates an environment in which errors or irregularities could occur and not be detected in a timely manner by management.

I recommend that the Tangipahoa Parish Sheriff's Office implement changes to the tax collector software to restrict access through user login and passwords to the change order portion of the program to someone who does not receive payments from taxpayers, preferably the Chief Civil Deputy or his designee. In addition, I recommend that the software be modified to eliminate the ability to input duplicate change order numbers and to require that change orders be sequentially numbered.

B. Over-disbursement by Tax Collector Fund

The Tangipahoa Parish Sheriff's Office failed to reconcile the tax collector bank account balance to the underlying accounting records during the fiscal year ended June 30, 2005, and as a result, over-disbursed \$15,961 to an unidentified entity.

All funds deposited into the tax collector bank account are by nature due to other individuals/agencies. The Tangipahoa Parish Sheriff's Office has a fiscal obligation to account for those funds in such a manner that they can identify the cash balance and the corresponding amounts due to others at any given time. During the audit of the tax collector fund, I determined that the Tangipahoa Parish Sheriff's Office could not readily determine who the funds in the bank account at fiscal year end were owed to. In fact, no reconciliation of the cash balance and the parties it is owed to had been performed at all during the fiscal year.

Once the reconciliation was performed for audit purposes, it was determined that the Tangipahoa Parish Sheriff's Office had disbursed \$15,961 more than they collected. As of November 15, 2005, the end of audit fieldwork, the Tangipahoa Parish Sheriff's Office was unable to determine which entity was overpaid; therefore, the Sheriff's general fund should repay the tax collector fund for the overpayment. Once the overpaid entity is identified, the money should be recouped and the general fund can be reimbursed.

An adequate system of internal controls requires that bank account balances be reconciled to the underlying accounting records periodically to ensure that all funds are properly accounted for and to detect errors like the overpayment noted above in a timely manner.

I recommend that the Tangipahoa Parish Sheriff's Office immediately determine which entity was overpaid and request a refund. In addition, I recommend that a monthly reconciliation be performed between the bank account balance and the amounts owed to others to avoid future overpayments.

Finding No. 05-09 Failure to Maintain Subsidiary Ledger for Criminal Bond Fund Deposits

The Tangipahoa Parish Sheriff's Office personnel informed me that for many years they were not required to does maintain a detailed listing of deposits owed to others in the Criminal Bond Fund. Without a subsidiary ledger, it is impossible to determine whether the cash balances in the Criminal Bond Fund are correct.

Due to the agency nature of the Criminal Bond Fund, all funds deposited are due to others. An adequate system of internal controls over an agency fund requires that a detailed listing of corresponding liabilities be maintained to ensure accuracy of the cash balances.

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I recommend that:

- 1) The Criminal Bond Fund's computer program be used to maintain a detailed listing of traffic holds, which necessitates entering a beginning reconciled balance.
- 2) A manual listing of cash bonds be prepared each month. These listings should then be reconciled to the cash balances on a monthly basis.

Finding No. 05-10 Unreconciled Balance in the Advanced Civil Deposit Fund
(Repeated from Prior Year)

Cash accumulated in the Advanced Civil Deposit Fund exceeded the amount owed to plaintiffs on June 30, 2004, by \$43,870.02. This condition occurred because no attempt was made by the civil division personnel with the prior administration to reconcile cash balances to plaintiffs' subsidiary ledger balances on a regular basis.

It was previously recommended that the Chief Civil Deputy contact the Attorney General's office and/or the Legislative Auditor to obtain a legal opinion regarding what should be done to resolve the accumulated excess funds in the Advanced Civil Deposit Fund.

During the current fiscal year, a certificate of deposit for \$46,083.52 was purchased with the excess funds. This certificate of deposit is reported in the accompanying financial statements as an asset of the Civil Fund (this fund now accounts for the advanced civil deposits).

A Petition for Declaratory Judgment was filed in the 21st Judicial District Court on October 17, 2005. The petition requests that the excess funds be allowed to be transferred to the Tangipahoa Parish Sheriff's General Fund. The hearing is to be held on January 3, 2006.

The previous year's recommendation that civil division personnel reconcile cash balances to plaintiffs' subsidiary ledger balances had not been implemented as of November 2005.

I repeat the prior year's recommendation that personnel in the civil division reconcile cash balances to plaintiffs' subsidiary ledger balances on a regular basis.

Finding No. 05-11 Unexplained \$48,931 Shortage of Cash in the Work Release Inmate Trust Fund

The Tangipahoa Parish Sheriff's Office does not have an adequate system to properly account for the Work Release Inmate Trust Fund. At June 30, 2005, the bank account balance for this fund was \$128,873, the amount due from work-release operating account was \$31,288; the amount due to the inmates was \$209,092, indicating a cash shortage of \$48,931.

The Tangipahoa Parish Sheriff's Office uses a system of manual ledgers and Quicken computer software to account for the funds earned by inmates in the work release program. All funds deposited into the trust fund are due to the inmates.

There is no reconciliation being performed between the trust bank account balance and the balance due to the inmates per the Quicken software. Without a comparison between the two accounts, there is no way to ensure that all paychecks collected from the inmates are deposited into this bank account.

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During my audit, I was provided with four different copies of the Quicken balance report as of June 30, 2005. The amounts per the reports were \$174,869, \$219,554, \$209,092, and \$206,446, respectively. The reports were revised numerous times due to incorrect dates being used to post transactions to inmate accounts. I recalculated the balance at June 30, 2005, for the ten inmates selected in my sample of compliance testing. My recalculated balances agreed to the report totaling \$209,092, which indicated a cash shortage of \$48,931. The Tangipahoa Parish Sheriff's Office provided a revised report on November 28, 2005, totaling \$180,751. This report was determined to be inaccurate upon application of audit procedures. As a result, I have recorded a payable of \$48,931 from the general fund to the work release inmate trust account.

I recommend that the Tangipahoa Parish Sheriff's Office reconcile the bank account balance to the Quicken report from July 1, 2004, through the current date to determine whether all paychecks recorded in the Quicken report were actually deposited into the bank. I further recommend that this reconciliation be performed monthly in the future to ensure that all funds owed to inmates are accounted for.

Finding No. 05-12 Noncompliance with Work Release Program Regulations

The Tangipahoa Parish Sheriff's Office is not in compliance with work release program regulations.

During my test of compliance in the work release program, I noted the following:

- *None of the ten inmate files selected for testing contained a signed "Employer's Work Release Agreement Form" for all employers. Louisiana Department of Correction (LDOC) regulations require a signed form be obtained prior to the inmate reporting to work.*
- The Tangipahoa Parish Sheriff's Office does not use sequentially numbered forms to document withdrawals or expenditures by inmates as required by the LDOC.
- The Tangipahoa Parish Sheriff's Office is charging all inmates in the program for subsistence although they do not actually have the capacity to house all of the inmates in the work release facility. Many inmates in the program work on tugboats and are away from the work release facility for extended periods of time. Currently, there are seventy-five participants in the work release program; *however, there are only fifty beds in the work release facility. Per the LDOC, the Tangipahoa Parish Sheriff's Office should only withhold subsistence from inmates for whom they have an available bed, either in the work release facility or the parish jail.*

I recommend that the Tangipahoa Parish Sheriff's Office ensure that all required documents are retained in the inmate's folder, that all withdrawals be documented on sequentially numbered forms, and that the Sheriff's Office obtain a written response from the LDOC which clearly states the position of the LDOC regarding the definition of "available beds" at the jail when the jail is at maximum capacity if the Tangipahoa Parish Sheriff's Office withholds subsistence from the inmates.

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Finding 05-13 Inadequate Internal Controls over Jail Finances

My review of receipts and disbursements at the Tangipahoa parish jail disclosed the following internal control weaknesses:

A. Inadequate segregation of accounting staff over jail finances.

The Tangipahoa Parish Sheriff's Office has one employee at the jail who receives cash, prepares the daily deposit, takes the deposit to the bank, reconciles the bank account, posts the deposits to the inmate accounts, and prepares checks for disbursement.

A proper system of internal controls requires that duties be segregated among employees to the extent practicable to ensure that no employee is in a position to misappropriate assets and conceal the transactions in the accounting system. The system currently in place at the jail would allow the employee to both commit fraud and conceal the action.

I recommend that duties immediately be reallocated to allow for proper segregation, including requiring central accounting staff to perform bank reconciliations for all jail accounts.

B. The Tangipahoa Parish Sheriff's Office does not have adequate internal controls over jail commissary disbursements.

The Tangipahoa Parish Sheriff's Office paid a vendor twice for the same invoice because they paid from a packing slip and then paid again from the original invoice. A review of the vendor files at the jail revealed numerous instances where payments were made from packing slips. A proper system of internal controls requires that payments be made only from original invoices and that they be cancelled immediately upon payment.

I recommend that the Tangipahoa Parish Sheriff's Office immediately require that payments are made only when an original invoice is presented and that all invoices are promptly cancelled upon payment.

C. Inadequate Internal Controls Over Work Release Program
(Repeated from Prior Year)

1. My test of ten inmates participating in the work release program revealed the following:

- One inmate was overpaid by \$148 when he exited the program due to a transfer to the inmate commissary account not being posted to his work release trust account.
- Two inmates were overpaid by \$139 and \$85, respectively, when they exited the program due to gross paycheck amount being used to calculate amounts credited to their work release trust accounts.

Department of Corrections regulations require that the inmate trust bank account be reconciled to the underlying inmate ledgers monthly. The Tangipahoa Parish Sheriff's Office has not performed the reconciliation from July 2004 to present. If the reconciliation had been performed, the errors noted above could have been corrected prior to the inmate exiting the program.

I recommend that the reconciliations be performed monthly in order to identify errors in a timely manner and to ensure that inmate account balances are accurate.

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2. *The Tangipahoa Parish Sheriff's Office maintains a petty cash box for the work release program that contains approximately \$2,000 to \$3,000 of cash for disbursement to inmates for their daily cash advances. These funds are not maintained on an imprest basis. No set dollar amount is used to determine cash requirements. Replenishment requests are based on anticipated cash requirements for the upcoming week. This system is not easily reconcilable and makes the petty cash easily susceptible to theft.*

I recommend that the petty cash funds be maintained on an imprest basis. A set dollar threshold should be implemented with receipts plus cash in box always equal to the set dollar threshold.

Finding No. 05-14 Unreconciled Balance in the Inmate Asset Account
(Repeated from Prior Year)

The Tangipahoa Parish Sheriff's Office failed to reconcile the balance in the inmate trust bank account to the balance due to inmates as reported on the "Inmate Account Balance Report" generated by the jail's computer system. A reconciliation is needed to ensure that all funds owed to inmates are properly accounted for.

At June 30, 2005, the inmate bank account balance was \$135,697, while the balance due to inmates per the "Inmate Account Balance Report" as adjusted was \$74,696. There were 5,733 inmates with outstanding balances listed on the "Inmate Account Balance Report"; however, the jail has a capacity of only 526 inmates.

No attempt was made by the jail staff to reconcile the cash balance with the underlying accounting records during the year. I performed a limited reconciliation as part of my audit procedures. Reconciling items identified were commissary revenue due to the general fund and interest earned over the years that had not been accounted for in the computer system which totaled \$51,576. This left an unreconciled balance of approximately \$9,425. It appears that this amount represents voided checks not cashed by inmates that were not forwarded to the Unclaimed Property Division of the Louisiana State Treasurer's Office as required.

The Tangipahoa Parish Sheriff's Office is of the opinion that the unreconciled difference identified in the *previous audit could be transferred to the Tangipahoa Parish Sheriff's general fund because an inmate signs an agreement to claim his property within ninety days of release.* In the prior audit, the Sheriff's Office stated in their corrective action plan "the Tangipahoa Parish Sheriff's Office will seek an opinion of the Attorney General's Office as to the legality of the form signed by the inmate prior to his release". An Attorney General's Opinion was not obtained during the fiscal year ended June 30, 2005.

In addition, the "Inmate Property Release Form" referred to above is not being properly completed at the time of the inmate's release. The inmate is not being instructed to complete the section that provides the address where the funds can be mailed. Nor is the Tangipahoa Parish Sheriff's Office completing the section that provides the date that the funds will be available for pickup. Per jail staff, they do not mail checks to the former inmates unless the inmate calls and specifically requests that the funds be mailed to them.

I recommend that the Tangipahoa Parish Sheriff's Office reconcile the cash balance in the inmate trust bank account with the "Inmate Account Balance Report" on a monthly basis. In addition, I recommend that all outstanding checks to former inmates that are voided because the inmate could not be located should be sent to the Unclaimed Property Division of the Louisiana State Treasurer's Office as required. Additionally, I again recommend that an Attorney General's Opinion be requested if the Tangipahoa Parish Sheriff's Office intends to transfer the excess funds to the general fund.

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Finding No. 05-15 Inadequate Internal Controls Over Inmate Funds
(Repeated from Prior Year)

- A. The Tangipahoa Parish Sheriff's Office does not have adequate internal controls over inmate personal funds. During my testing of inmate personal fund transactions, I noted the following:
- On September 8, 2005, a commissary refund credit of \$18,365 was posted to an inmate's account in error. Upon learning of the erroneous account balance, the inmate apparently requested that \$5,000 be sent home to his family. On September 15, 2005, the Tangipahoa Parish Sheriff's Office issued a check in the amount of \$5,000 to the inmate's family member. A commissary refund of \$18,365 is a virtual impossibility due to the nature of commissary sales. The commissary primarily sells food and personal hygiene items. A cursory review of the daily transactions report should have alerted jail personnel that the commissary refund was made in error. The daily transaction report is used for balancing to the daily deposit and the erroneous refund amount was clearly shown on the bottom of the report as a separate line item. Further, a scan of the inmate's account prior to disbursement of the \$5,000 would have revealed the error. The error was not discovered until the inmate requested the balance of the account be disbursed to his family member on September 16, 2005.
 - One inmate's account balance was paid twice upon his transfer to another correctional facility. On April 29, 2005, a check for \$1,485.75 payable to the inmate was issued to transfer his account balance to the new facility. The jail bookkeeper failed to post the transaction to the inmate's account in the computer system. Consequently, when an inquiry was received on May 9, 2005, in reference to the inmate's account balance, the system showed a current balance of \$1,485.75 due to the inmate. A second check was then issued to transfer the inmate's balance. This resulted in the inmate being overpaid by \$1,485.75. The Sheriff's Office was not aware of the overpayment until informed by the auditor in October 2005. The jail's accountant then contacted the facility to which the inmate was transferred to determine whether the funds could be recouped and learned that there are not adequate funds in the inmate's account to recoup the overpayment. A flag was placed on the inmate's account at the new facility to repay the Tangipahoa Parish Sheriff in the event a deposit large enough to cover the overpayment was made; however, it is unlikely that the inmate will repay the funds.
 - Two inmate's accounts that should have shown a \$0 balance still showed balances of \$537 and \$1,004.58, respectively. Checks were issued to the inmates to liquidate their balances upon release; however, those checks were not posted to the inmate's account.
 - The Tangipahoa Parish Sheriff's Office could not locate seven of the inmate files selected for testing.
 - There is no reconciliation being performed between the bank account balance and the computer system report that shows the amounts owed to inmates.

An adequate system of internal controls requires that all transactions be posted timely and reviewed for reasonableness not only by the employee initiating the transaction but also by those individuals approving the transactions. It also requires that documents be retained to support the deposits and withdrawals made to each inmate account.

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It is imperative that at minimum a monthly reconciliation between the bank account balance and the computer system report be performed so that errors like those noted above can be detected timely.

The Tangipahoa Parish Sheriff's Office should ensure that all transactions are posted timely, all inmate files are available for review, and that the individual initiating the transaction and the supervisor who approves the transaction will review all transactions for reasonableness. In addition, a monthly reconciliation between the bank account balance and computer system report should be performed.

B. Employee Payroll Checks Cashed from Inmate Fund Deposits

My review of the inmate fund bank account revealed that jail employees, including the assistant warden, were cashing payroll checks from cash received for deposit into the inmate trust account.

The Tangipahoa Parish Sheriff's Office has a fiscal responsibility to properly safeguard the cash received on behalf of the inmates, including limiting access to those individuals collecting the money and making the deposit. Under no circumstance should payroll checks ever be cashed from inmate funds.

I recommend that the practice of cashing payroll checks be discontinued immediately.

Finding No. 05-16 Inadequate Internal Controls Over Expenditures
(Repeated from Prior Year)

A. The Tangipahoa Parish Sheriff's Office does not have adequate internal controls over disbursements.

My test of sixty cash disbursements from the general fund revealed in some instances the following:

- Purchase requisitions are not retained,
- Disbursements did not have an approved purchase order with the required signatures,
- *Disbursements did not have any evidence of receipt of goods or services,*
- Adequate documentation to support the payment was not available,
- Disbursements had no indication of approval,
- *Paid invoices were not cancelled,*
- Expenditures were not properly coded in the accounting system.

During my test of cash disbursements, I also noted the following weaknesses in internal controls:

- *Payments were made from copies of invoices instead of the original invoice.*
- Blank checks were kept in a drawer in the accounting department that was not locked at all times.
- Duplicate invoices were stapled to the back of original invoices rather than being destroyed.

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I recommend that the Tangipahoa Parish Sheriff's Office immediately implement procedures to ensure that all payments have the required approved requisitions and purchase orders (if applicable), evidence of receipt is documented (if applicable), documentation is adequate to support the expenditure, invoices are properly approved and cancelled, and the expenditures are properly coded in the accounting system.

- B. During my test of credit card expenditures, 26 out of 74 (35%) did not have adequate documentation. The majority of the transactions were for meals with only the summary charge receipt being submitted for documentation. The summary charge ticket is not considered adequate documentation for meals, as they do not provide enough detail to verify the number of meals purchased or the propriety of the charges.

I recommend that the Tangipahoa Parish Sheriff's Office require detail transaction receipts for all credit card charges prior to payment in the future.

- C. I was unable to test compliance with state contract rates for fuel purchases through Fuelman because the detailed billing records were not retained by the Tangipahoa Parish Sheriff's Office. No documents were available for review.

I recommend that all detailed billing records be retained in the future.

- D. The Tangipahoa Parish Sheriff's Office paid \$225 per month equipment rental from July 2004 through February 2005 without any invoice or rental agreement being provided to justify the expenditure. Upon inquiry from the auditor, the purchasing agent advised that the Sheriff's Office did not rent any equipment from the vendor and the payments were made in error. The Sheriff's accounting staff explained that the payments were set up as a "memorized transactions" in the QuickBooks system and were automatically generated. No controls were in place to question the validity of the payments. An adequate system of internal controls requires that checks be compared to invoices prior to being signed.

The Tangipahoa Parish Sheriff's Office is paying \$900 per month for lease of a building without a signed lease agreement. No signed lease agreement exists between the Tangipahoa Parish Sheriff and the building's owner.

I recommend that the Tangipahoa Parish Sheriff's Office ensure that no rental/lease payments are made without adequate documentation to support the expenditure, including a signed lease agreement setting for the terms and conditions of the lease.

Finding No. 05-17 Failure to Enroll All Required Employees in Pension Plan

All employees who earn more than \$800 per month are required to be enrolled in the pension program regardless of part-time or full-time status. During my test of payroll, I noted that some employees who earn more than \$800 per month were not enrolled in the plan. Tangipahoa Parish Sheriff's Office staff was under the impression that part-time employees were not required to participate.

I recommend that the semi-weekly payroll registers be reviewed each pay-period to ensure that all required employees are participating in the pension program.

Tangipahoa Parish Sheriff
Amite, Louisiana

Schedule of Current Year Findings and Questioned Costs - Continued
Year Ended June 30, 2005

Finding No. 05-18 Inadequate Internal Controls over Payroll
(Repeated from Prior Year)

- A. The Tangipahoa Parish Sheriff's Office does not have adequate segregation of duties with regards to payroll processing.

The payroll accountant for the Sheriff's Office performs the following incompatible functions:

- Sets up employee information, including pay rates, into the computer
- Inputs payroll from timesheets submitted from the supervisors
- Reviews the master payroll report and authorizes the outsourced payroll processing company to print the payroll checks.
- Receives the Federal Express package containing the payroll checks
- Distributes the payroll checks to supervisors for disbursement
- Receives the unopened bank statement and reconciles the payroll bank account
- Authorized to change employee status and pay rates in the computer.

An adequate system of internal controls requires segregation of duties to the extent practicable to reduce the risk that irregularities or fraud could occur and not be detected by management in a timely manner.

I recommend that the Chief Civil Deputy review the master payroll report, authorize the printing of payroll checks, and receive the checks from the outsourced payroll processing company. I further recommend that an employee with no payroll duties be assigned the task of reconciling the payroll bank account. All changes to employee status or pay rates should be originated in the human resources department. Changes to employee payroll records should only be made upon the prior written approval of the human resources department.

- B. The Tangipahoa Parish Sheriff's Office does not have adequate internal controls over payroll expenditures. During my audit of payroll, I noted numerous weaknesses in internal controls as detailed below:

- Employee time cards do not agree to supervisor timesheets submitted to the payroll department for processing. Supervisors are not properly recording leave taken and hours worked for their employees.
- Timecards were not always signed by the employee or approved by the supervisor.
- Employee payroll deductions were not always supported by documentation in the payroll/personnel files. In some cases, there was no documentation to support the deduction. In other cases, the documentation did not agree to the amount deducted.
- One employee was not terminated in the payroll system in a timely manner which resulted in the employee receiving an extra paycheck for which he was not entitled.

I recommend that the Tangipahoa Parish Sheriff's Office ensure that all employee timesheets are properly signed by both the employee and the supervisor and that supervisors accurately report the time worked and leave taken by the employees on the summary timecards. In addition, I recommend that all payroll deductions be supported by documentation in the employee's personnel/payroll file. Employee files should also contain documentation of the approved pay rate.

Tangipahoa Parish Sheriff
Amite, Louisiana

Schedule of Current Year Findings and Questioned Costs - Continued
Year Ended June 30, 2005

- C. The Tangipahoa Parish Sheriff's Office paid monthly health insurance premium statements without reconciling them to the payroll registers to ensure that all premiums for dependent care coverage were withheld from the employee's paychecks. In addition, \$15,236 of health insurance premiums were paid on behalf of COBRA employees. However, the Sheriff's Office only received \$10,463 in reimbursement from COBRA employees for the above-mentioned premiums. As of June 30, 2005, \$4,773 was uncollected from COBRA employees. The payroll clerk does not maintain a listing of which COBRA employees owe this money.

The Tangipahoa Parish Sheriff's Office is not responsible for payment of dependent care or COBRA premiums. Dependent care premiums are the responsibility of the individual employee; consequently, premiums must be withheld from their paychecks. COBRA insurance premiums are the responsibility of the former employee.

The Tangipahoa Parish Sheriff's Office should ensure that health insurance premium statements are reconciled to payroll registers in a timely manner and that COBRA insurance premiums are collected prior to payment to ensure that insurance coverage is not provided without the required funds being collected from the employee.

- D. During my test of leave, I noted numerous deficiencies as detailed below:

- No leave records including cumulative balances were maintained for employees by the payroll or human resources departments during the fiscal year ended June 30, 2005. Although some supervisors maintained documentation of leave taken, no cumulative balance information was maintained.
- In many instances, leave taken on the employee timecards did not agree with leave taken on supervisor timesheets submitted to the payroll department for processing. Although employees indicated on the timecard that they worked less than forty hours, the supervisor timesheet indicated forty hours regular time worked with no leave taken.
- A regenerated listing of employee leave balances was provided to me on November 10, 2005. A cursory review of the listing revealed numerous errors and the listing were determined not to be reliable.
- Two terminated employees received compensation that was assumed to be for the balance of their leave upon termination; however, there were no records available to substantiate the amount due to the employee.
- The current leave policy does not address the vesting of leave or the requirement for payment of leave upon separation from employment.

I recommend that the Sheriff's Office designate an individual to maintain department-wide cumulative leave balances, including reconstructing leave earned and leave taken since July 1, 2004, from employee timesheets in order to obtain accurate balances.

Tangipahoa Parish Sheriff
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Schedule of Current Year Findings and Questioned Costs - Continued
Year Ended June 30, 2005

I further recommend that the Sheriff's Office implement an adequate system of internal controls over leave including the following:

- 1) employees submit a signed leave slip to their immediate supervisor,
- 2) supervisors receive an updating leave balance report for all employees after each pay-period
- 3) the supervisors compare the leave requested on the leave slip to the available balance on the leave balance report prior to approving the leave slip,
- 4) the approved leave slip is attached to the supervisor timesheet submitted to payroll for processing, and
- 5) the leave balance report is updated immediately after each pay-period and distributed to the supervisors.

Finding No. 05-19 Employees Incorrectly Reported as Contract Labor

The Tangipahoa Parish Sheriff's Office has contracts with several agencies to provide security services in exchange for a fee. The deputies that worked as security guards were erroneously reclassified from employees to contract workers as a cost-saving measure on August 30, 2004.

The job descriptions and duties of these individuals were not changed on that date. These deputies have a Sheriff's Office supervisor who determines their schedule, deputies are required to complete time sheets, they must wear a deputy uniform, and they must qualify to carry a gun and do carry a gun. Sheriff's Office supervisors monitor work performance at the job site. Most of the contracts refer to the Sheriff providing his employees. None of these individuals have written contracts with the Tangipahoa Parish Sheriff's Office for their services. In addition, these individuals fail the IRS test to be classified as "contract labor" rather than employees.

Upon inquiry, the Chief Civil Deputy did not deny that these individuals are employees but that the contracts were for a fixed fee and that the Sheriff's Office was losing money on the arrangement so as a cost savings measure he changed these employees to contract labors. With the change, the Sheriff's Office is no longer paying Medicare tax, pension contributions, and does not provide health insurance benefits. The Tangipahoa Parish Sheriff could be subject to a 100% payroll tax penalty from the IRS for the payroll taxes that maybe owed on these wages, as well as unpaid pension contributions.

I recommend that the individuals in question immediately be properly classified as employees, with all resulting payroll taxes, pension deductions, and health insurance benefits being restored.

Finding No. 05-20 Failure to Comply with Deputy Sheriff's Supplemental Pay Program Requirements
(Repeated from Prior Year)

During my audit of the Deputy Sheriff's Supplemental Pay Program, I noted numerous instances in which the Tangipahoa Parish Sheriff's Office failed to comply with the regulations of the program as follows:

- Program regulations require the monthly Deputy Sheriff's Supplemental Pay Reconciliation Reports be filed by the tenth day of each month for that month's payroll. Eight out of the twelve monthly reports were filed after the tenth day of the month.

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Schedule of Current Year Findings and Questioned Costs - Continued
Year Ended June 30, 2005

- Program regulations contain specific requirements related to eligibility, POST training certificate, and other requirements. Of a sample of sixty individual employees receiving deputy sheriff's supplemental pay, salaries reported for ten employees did not agree with the Sheriff's Office salary spreadsheet dated July 1, 2004, eight personnel files did not contain a copy of the Oath which proves commission, ten had no POST training certificate, and fourteen employee's hire dates reported did not agree with their personnel file.
- Two personnel files could not be located.

I recommend that the Sheriff's Office maintain complete and accurate personnel files on all employees, that an employee in the personnel department be adequately trained on the requirements of the Deputy Sheriff's Supplemental Pay Program, and that the Chief Civil Deputy review and approve the completed monthly report prior to filing by the due date on the tenth of each month.

Finding No. 05-21 Lack of Financial Oversight

The Tangipahoa Parish Sheriff has not received financial statements since taking office on July 1, 2004, through the current date. The Sheriff's Office handled \$53,000,000 during the fiscal year ended June 30, 2005.

My findings contained in this report indicate that the Tangipahoa Parish Sheriff's Office lacks adequate accounting guidance and financial oversight. Overall systems of internal controls appear to be limited and ineffective. Knowledge of compliance with laws, regulations, and contract terms also appear to be limited and implementation of compliance is inadequate.

I recommend that the Sheriff require periodic financial statements including a budget comparison from his accounting department. I also recommend that all accounting staff be competent in governmental accounting and understand the laws, regulations, grant and contract terms pertaining to governmental entities. Adequate internal controls must be put in place to insure the accuracy of the financial records.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance required to be reported by OMB Circular A-133.

Finding No. 05-22 Lack of Proper Segregation of Grant Expenditures
(Repeated from Prior Year)

The Tangipahoa Parish Sheriff's Office failed to properly identify grant expenditures in its accounting system as required by federal and state grant regulations. Consequently, the Sheriff's Office general ledger showed grant revenue of \$634,577 and grant expenditures of only \$102,362.

The current accounting system does not properly segregate grant expenditures from non-grant expenditures and does not classify grant expenditures by individual grant award and by the classifications contained in the grant budgets. This makes it very difficult for grant administrators to properly monitor the progress of each grant on a regular basis.

Tangipahoa Parish Sheriff
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Schedule of Current Year Findings and Questioned Costs - Continued
Year Ended June 30, 2005

Improvement is needed in administering and accounting for grant funds to ensure that adequate internal controls and monitoring over federal and state grant funds is maintained and to comply with grant regulations regarding separate identification of grant expenditures.

I recommend that the Tangipahoa Parish Sheriff's Office amend the current chart of accounts to include a separate account for each grant award with sub-accounts being set up for each approved budget category within the grant award. I further recommend that grant administrators prepare the account coding for grant expenditures and that they receive monthly financial status reports generated by the accounting department for each grant in order to accurately report and monitor grant expenditures.

Finding No. 05-23 Inadequate Documentation for Tri-Parish Grant Expenditures
(Repeated from Prior Year)

The Multi-Jurisdictional Drug Task Force (Tri-Parish) Grant funded three narcotics agent positions for the fiscal year ended June 30, 2005. Two of the agents were employees of Livingston Parish Sheriff and St. Helena Parish Sheriff, respectively.

The grant award conditions require that the expenditure reports submitted to request reimbursement for salary expenditures charged to the grant agree with actual expenditures incurred. The Tangipahoa Parish Sheriff's Office did not obtain any documentation of actual salary expenditures from the other two sheriffs, nor did they obtain salary documentation from the accounting department for the agent employed by the Tangipahoa Parish Sheriff's Office. The grant administrator merely divided the grant award amount by four and submitted one-fourth of the award amount each quarter on the expenditure reports. Consequently, there is no supporting documentation for the expenditure amounts reported for the grant.

The grant award conditions also require that all currency advanced to agents for confidential funds be properly accounted for using expense vouchers signed by the deputy and authorized by the supervisor. Of the 241 expense vouchers tested, 40 vouchers were not approved by the supervisor and 2 vouchers were not signed by the deputy.

I recommend that the Tangipahoa Parish Sheriff's Office report only actual expenditures supported by payroll records on grant expenditure reports in the future. I further recommend that Tangipahoa Parish Sheriff's Office ensure that all expense vouchers are properly approved by the supervisor and signed by the deputy.

Finding No. 05-24 Noncompliance with Local Law Enforcement Block Grant Regulations
(Repeated from Prior Year)

The Tangipahoa Parish Sheriff's Office is not in compliance with Local Law Enforcement Block Grant (LLEBG) regulations regarding the trust fund requirement and the tracking of local cash match amounts.

LLEBG grant regulations require that each jurisdiction establish a trust fund for the deposits of LLEBG program funds. According to the grant award documents, 1) any interest earned on the funds must be used for LLEBG program purposes, 2) the trust fund must account for the federal award amount, 3) the trust fund must account for the local cash match amount, and 4) account for the interest earned on the funds.

The current system utilized by the Sheriff's Office does not meet the above requirements. Currently, the funds are electronically deposited into the Tangipahoa Parish Sheriff's general fund instead of the trust account, then transferred to the LLEBG trust account, and immediately transferred back to the general fund. All expenditures are made from the general fund with no coding to identify which expenditures are LLEBG expenditures. The interest earned on LLEBG deposits is in the general fund not the LLEBG trust fund as required. No attempt is made to track the local cash match in the general ledger.

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Schedule of Current Year Findings and Questioned Costs - Continued
Year Ended June 30, 2005

I recommend that a system be implemented by which LLEBG funds are deposited into the LLEBG trust account, expenditures are made from the trust fund, interest is properly recorded in the trust fund, and the local cash match is transferred into the trust account. All activity of the LLEBG grant should be reflected in the trust account.

Finding No. 05-25 Local Law Enforcement Block Grant Corrective Action Not Done
(Repeated from Prior Year)

The Tangipahoa Parish Sheriff's Office did not comply with the corrective action plan for the Local Law Enforcement Block Grant as stated in the prior audit. The Tangipahoa Parish Sheriff's Office also gave inaccurate information to the federal oversight agency regarding the disposition of questioned costs from the prior audit.

The prior year audit report cited the Tangipahoa Parish Sheriff's Office for "Failure to Comply with Provisions of the LLEBG Grant" and recommended that he transfer \$33,043.41 from the general fund checking account to the LLEBG trust checking account to reimburse the grant account for the local cash match requirement. In the Tangipahoa Parish Sheriff's corrective action plan published in the prior year audit report, it states "\$33,043.41 was transferred to the LLEBG checking account to reimburse the account for the department's local match requirement for expenditures charged to the grant". As of October 4, 2005, the transfer still has not been made. Upon inquiry, the Chief Civil Deputy could not provide an explanation as to why the transfer has not been made.

I recommend the general fund checking account immediately transfer the \$33,043.41 to the LLEBG trust checking account as stated in the prior audit corrective action.

Finding No. 05-26 Inadequate Internal Controls over Financial Reporting for the COPS in Schools Grant

During my audit of the COPS in Schools Grant, I noted deficiencies in internal control over financial reporting detailed as follows:

- There was no backup documentation to support the federal revenue draws for the grant. The grant administrator maintains a spreadsheet to track expenditures for the grant. Funds are drawn down by an automated phone system in an amount equal to the expenditures on the spreadsheet as of that date. The grant administrator does not retain a copy of the spreadsheet as of that date and subsequently revises the spreadsheet. Therefore, there is no documentation available to support the revenue amounts drawn down. In addition, there is no regularly scheduled interval for drawing down the funds. Draw dates during the fiscal year ended June 30, 2005, ranged from two days to three months apart.
- The backup documentation for salary and benefit expenditures charged to the grant did not agree to the quarterly Financial Status Reports (FSRs) submitted. The grant administrator maintains a spreadsheet listing each employee charged to the grant including a breakdown of the wages and fringe benefits by pay-period. This spreadsheet did not agree to the amounts reported on the FSRs because numerous changes were made to the expenditure spreadsheets as errors were discovered. The original documentation was not retained; therefore, there is no documentation to support the amounts reported on the FSRs.
- Actual timecards for the grant employees did not agree to timesheets submitted by the supervisor. Officers record their actual time worked on individual timecards throughout the pay-period. At the end of the pay-period, the supervisor records the hours worked, leave taken, etc. on a summary timesheet

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Schedule of Current Year Findings and Questioned Costs - Continued
Year Ended June 30, 2005

that is submitted to the payroll department for processing. In my test of five pay-periods throughout the year, none of the timesheets submitted to the supervisor agreed to the timecards.

A proper system of internal control requires that funds be drawn down systematically at set intervals and that all documentation to support the amounts drawn down be retained. Additionally, any revisions to expenditure amounts should be handled as adjustments on future draws rather than revising completed draws.

I recommend that all grant drawdowns be based on actual expenditures obtained from payroll reports provided by the accounting department. I also recommend that these payroll reports be used to complete the Financial Status Reports. This would reduce the number of revisions required. Additionally, I recommend that supervisors ensure that the timesheets submitted to the payroll department accurately reflect the employee's hours worked and leave taken.

Finding No. 05-27 Noncompliance with COPS in Schools Grant Regulations
(Repeated from Prior Year)

During my audit of the COPS in Schools grant, I noted instances of noncompliance with grant regulations detailed as follows:

- The Tangipahoa Parish Sheriff's Office drew down approximately \$51,000 for salaries in excess of the grant approved amounts.

Allowable salary amounts to be charged to the grant are determined by approved entry-level deputy salaries. When the original grant was awarded, the application listed the entry-level salaries for years 1-3 at \$16,000, \$16,480, and \$16,974, respectively. On July 1, 2004, the Tangipahoa Parish Sheriff's Office began charging salaries of \$23,000 per year to the grant, which was in excess of the approved grant amounts. In a telephone conversation with the federal COPS office, I was advised that because no modification to the entry-level salary amounts was submitted, the grant would only continue to fund the amounts approved in the original application.

- The Tangipahoa Parish Sheriff's Office made significant changes to the community policing activities identified in the grant application without first obtaining approval from the COPS office as required by the grant award.

The original grant funded eight School Resource Officer (SRO) positions to be located at specific schools throughout Tangipahoa Parish. The Tangipahoa Parish Sheriff's Office reallocated one of the eight SRO positions and created a supervisor position without obtaining approval from the federal COPS office. In addition, no documentation exists to determine whether the supervisor is spending the required 75% of time in or around the schools.

- The conditions of the grant award require that officers hired under the grant bring the sworn force strength to a number over the number of officer positions funded by local sources as of the grant application date.

The sworn force strength as of the grant application date was 304 officers. The sworn force strength during the fiscal year ended June 30, 2005, varied between 255 to 289 officers; consequently, the sworn force strength requirement was not met.

- Unless authorized in writing by the COPS office, grant funds may not be applied to the salary or benefits of an officer hired by the grantee prior to the award start date listed in the application. Seven of the sixteen employees charged to the grant during the fiscal year ended June 30, 2005, were hired prior to the award start date.

Tangipahoa Parish Sheriff
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Schedule of Current Year Findings and Questioned Costs - Continued
Year Ended June 30, 2005

I recommend that the Tangipahoa Parish Sheriff's Office immediately contact the COPS office and notify them of the audit findings and determine what actions can be taken at this point to correct the deficiencies noted above.

Finding No. 05-28 Noncompliance with Crime Victims Assistance Grant Award Conditions

This grant pays the salaries of a crime victim assistance coordinator and a crime victim assistance assistant coordinator. The grant regulations state, "all paid personnel must work hours which do not conflict or overlap with other paid hours or other jobs". The current employee in the coordinator position also serves as Tangipahoa Parish Sheriff's Office Public Information Officer and Executive Assistant to the Sheriff.

The employee's salary is funded 100% by the Crime Victims Assistance Grant; consequently, serving as Public Information Officer and Executive Assistant in addition to being victims assistance coordinator violates the terms of the grant award.

I recommend that the employee's salary be charged to the grant in proportion to the actual time spent serving as Crime Victim's Assistance Coordinator.

**Finding No. 05-29 Lack of Adequate Inventory of Fixed Assets Acquired with Federal Grant Funds
(Repeated from Prior Year)**

The Tangipahoa Parish Sheriff's Office did not maintain an adequate record of fixed assets (furniture, equipment, vehicles, etc.) acquired with Federal grants funds. An adequate inventory record of fixed assets purchased with federal grants is essential to provide proper control over fixed assets purchased with federal grant funds, to identify the source of funding for the fixed asset, and to comply with the specific asset tracking requirements of federal grant programs.

I recommend that the Tangipahoa Parish Sheriff's Office develop a complete inventory of fixed assets acquired with federal grant funds. Each grant administrator should maintain a complete fixed asset inventory for the grant in the grant program files that lists the date acquired, description, cost, source of funding, make, model, serial number, location, custodian, etc.



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November 15, 2005

MANAGEMENT LETTER

Sheriff Daniel Edwards
Tangipahoa Parish Sheriff
Amite, Louisiana

In connection with my audit of the financial statements of Tangipahoa Parish Sheriff as of and for the year ended June 30, 2005, I noted several matters which need to be brought to your attention. These matters represent suggestions for improvement of existing policies and procedures:

MGNT 05-01 **Possible Nepotism Violation at Parish Jail**

The parish jail warden's son is employed by the parish jail in possible violation of state nepotism laws.

- A. Louisiana Revised Statute 42:1119 (A) states that "no member of the immediate family of an agency head shall be employed in his agency".
- B. Louisiana Revised Statute 42:1119 (B) (1) states that "no member of the immediate family of a member of a governing authority or the chief executive of a governmental entity shall be employed by the governmental entity.
- C. Louisiana Board of Ethics Opinion 2002-048 prohibits employment of a child when the parent is the supervisor.

The jail warden has authority over all jail personnel and operations, including release or transfer of inmates.

I recommend the Sheriff obtain an opinion from the Louisiana Board of Ethics regarding whether the current situation is a nepotism violation under state law.

MGNT 05-02 **Payment for Expenditures Incurred Prior to Taking Office**

A payment of \$14,170 was made for legal services rendered between March 1, 2004, - June 30, 2004, that appear to be for services not authorized by the prior sheriff.

I recommend the sheriff obtain an opinion from the Louisiana Attorney General as to the legality of this payment.

MGNT 05-03 **Failure to Provide Signed Fiscal Agency Agreement**

Neither the Tangipahoa Parish Sheriff nor their fiscal agent, First Guaranty Bank, could provide the auditor with a copy of the signed fiscal agency agreement. The fiscal agency agreement sets forth the terms and conditions of pledged collateral requirements, services to be provided, fees to be charged, etc.

I recommend that the sheriff immediately obtain a copy of the signed fiscal agency agreement and maintain a copy in its files at all times to ensure compliance with the terms of the agreement.

Tangipahoa Parish Sheriff
Management Letter

MGNT 05-04 Failure to Create a Crime Lab Committee as Required by State Law

Louisiana Revised Statute 15:85.1 (B) requires the creation of a Crime Lab Committee to determine, on a quarterly basis, which criminalistics laboratory shall receive the two dollar fee collected as part of the criminal bond fee. It further states that the committee shall consist of the sheriff, the chief judge, and the district attorney of the parish.

This committee has not been created in Tangipahoa Parish. The two-dollar fee is being remitted to the general fund of the sheriff.

I recommend that the Crime Lab Committee be created and that the committee determine, on a quarterly basis who is to receive the proceeds of the two-dollar fee. I further recommend that the quarterly determination be documented in writing.

MGNT 05-05 Commingling of Grant Confidential Funds with Local Confidential Funds

The Tangipahoa Parish Sheriff commingled federal grant confidential funds with locally funded confidential funds rendering the auditor unable to determine whether federal grant confidential funds were properly spent.

The only allowable expenditures from federal grant confidential funds were for purchases of information from confidential informants and for purchases of evidence (narcotics). There were purchases of meals, gas, and supplies that were made from confidential funds disbursed to narcotics agents. Locally funded confidential funds could be used for those purposes; however, because the confidential funds were commingled, I was unable to determine which expenditures were made from grant funds.

I recommend that grant confidential fund expenditures be accounted for separately in order to ensure that expenditures are made only for allowable purposes.

MGNT 05-06 Inadequate Documentation to Support Cell Phone Payments

Tangipahoa Parish Sheriff paid \$100 per month for cell phone stipends to members of the Tri-Parish Narcotics Task Force. Tangipahoa Parish Sheriff did not require the agents to submit any documentation that would allow for substantiation of the business use of the phones. The Chief Civil Deputy advised that when he did ask for copies of the bills prior to payment he received bills that were in various names including agent's wives names and fictitious names. He then decided to continue the payments without documentation until the Nextel contracts ran out. Article VII Section IV of the Louisiana Constitution of 1974 prohibits the donation of public funds. Without any documentation to support the business use of or even existence of the phones, the payments amounted to a prohibited donation.

It is my understanding that payments were discontinued after the end of my audit period. Cell phone payments are now being made directly to the cellular company. I recommend that all future payments be made only when adequate documentation is presented to support the expenditure of public funds.

MGNT 05-07 Inadequate Documentation to Support Overtime Payments

During the previous audit, Tangipahoa Parish Sheriff was cited for having a prohibited contractual relationship with an employee for typing services. The employee was paid \$2.25 per page as a vendor for typing services performed outside of work hours. The corrective action in the prior audit stated that those hours spent typing reports after hours are to be considered overtime and be paid through the payroll system.

A review of payroll records for the above employee during the current audit revealed the following:

- The employee is still being paid \$2.25 per page, rather than the actual overtime hours worked. The sheriff is paying the employee through the payroll system as overtime; however, the calculation of overtime hours is based on the \$2.25 per page rather than the actual hours worked. Overtime payments must be based on actual hours worked.

Tangipahoa Parish Sheriff
Management Letter

- The employee was paid \$253.75 per month for the months of July and August 2004 although there was no documentation of any overtime worked for those months. Upon inquiry, the employee stated that those payments were not for overtime, but were for a raise that was given to her and then taken away. There was no documentation of a raise during the period in the employee's payroll or personnel files.

The sheriff should require the employee to maintain timesheets that clearly show actual hours worked rather than number of pages typed. No overtime should be paid without an approved timesheet to document the time worked.

MGNT 05-08 **Lack of a Written Accounting Policy and Procedures Manual**
(Repeated from Prior Year)

The Tangipahoa Parish Sheriff did not maintain a written accounting policies and procedures manual. A written accounting policy and procedures manual is essential to provide detailed, concise, and comprehensive directions to all staff describing all accounting functions, procedures, and reporting needed to ensure proper control over the receipt and disbursement of Federal grant funds.

Improvement is needed in this area to ensure that internal controls over the receipt and disbursement of federal grant funds are maintained and the specific requirements of federal grant programs are met.

I recommend that the sheriff develop a comprehensive, written accounting policy and procedures manual for use by central accounting personnel and by grant administrators.

Note: A written policy and procedures manual was adopted by the sheriff in November 2005; however, no manual was distributed to the employees during the fiscal year ended June 30, 2005.

MGNT 05-09 **Failure to Comply with \$535,000 Refunding Bonds Sinking Fund Requirements**
(Repeated from Prior Year)

The Tangipahoa Parish Sheriff failed to comply with various requirements of the bond resolution related to the \$535,000 Refunding Bonds, Series 2003, as detailed below:

- Tangipahoa Parish Sheriff is required to create a special fund to be known as "Refunding Bond, Series 2003 Sinking Fund", per the bond covenant. A separate bank account was opened but it was incorrectly titled "TPSO Daniels H. Edwards Sheriff".
- Per the bond resolution, the TPS "shall deposit from the first tax and contract revenues received in any calendar year into the Sinking Fund commencing December 1, 2003, a sum equal to the principal and/or interest falling due on the bond in that calendar year". The Sheriff received \$3.4 million dollars for the first tax in January 2005; consequently, there were sufficient funds available to pay the \$119,171.25 due into the Sinking Fund in January 2005. However, the Sheriff only paid \$111,008.78 into the Sinking Fund in January 2005 resulting in an under-funding of \$8,162.47. The Sheriff eventually paid this into the fund on March 1, 2005.

I recommend that the Chief Civil Deputy review the bond sinking fund requirements contained in the bond authorizing resolution to ensure that the amount deposited into the bond sinking fund checking account is in according with the bond authorizing resolution.

Tangipahoa Parish Sheriff
Management Letter

MGNT 05-10 Lack of Policy Regarding Code of Conduct for Employees
(Repeated from Prior Year)

The Tangipahoa Parish Sheriff did not maintain a comprehensive, written code of conduct, conflicts of interest policy, and fraud policy signed by employees.

These policies are essential to provide the proper internal control environment in which employees know that inappropriate behavior and over-riding of established procedures will not be tolerated, to make employees aware of expected standards of ethical and moral behavior, and to make employees aware of other policies regarding acceptable practices.

I recommend that the sheriff develop a comprehensive written code of professional conduct policy, conflicts of interest policy, and fraud policy, to be distributed to and receipt acknowledged in writing by all employees.

MGNT 05-11 Failure to Make Daily Deposits of Seized Cash
(Repeated from Prior Year)

During my audit and testing of assets seized during arrests I noted that cash seized from suspects during arrest was not always deposited into the bank account daily as required by state law.

Louisiana Revised Statute 39:1212 requires that all funds of local depositing authorities be deposited daily whenever practicable in the fiscal agency provided for. This condition was noted in the prior year audit as finding 2004-C6. Upon inquiry, Tangipahoa Parish Sheriff's staff advised that they were unaware of the daily deposit requirement.

I recommend that all cash received be deposited daily and that your staff be informed of the daily deposit requirement.

MGNT 05-12 Failure to Obtain Attorney General's Opinion Regarding Collection of Fee for Criminal Jury Subpoenas
(Repeated from Prior Year)

In the prior audit, it was noted that the Tangipahoa Parish Sheriff failed to collect fees for jury subpoenas. The previous auditor stated, "our research indicated a maximum fee of twenty dollars may possibly be collected for the service of criminal jury subpoenas although the law is unclear and we were unable to obtain a definitive legal opinion on the fee for service of criminal jury subpoenas". In addition, the previous auditor recommended the sheriff seek an Attorney General's opinion regarding collecting a maximum fee of twenty dollars for the service of criminal jury subpoenas to determine if the fee is allowable.

The sheriff began billing the Tangipahoa Parish Government fifteen dollars per criminal subpoena effective August 2004. However, the prior year's recommendation of seeking an Attorney General's opinion prior to collecting a criminal subpoena was not followed. The law is unclear as to whether the sheriff is allowed to charge a fee for service of criminal jury subpoenas.

I recommend that the sheriff request an Attorney General's opinion as to whether he is allowed to charge a maximum fee of twenty dollars for the service of criminal jury subpoenas.

Tangipahoa Parish Sheriff
Management Letter

MGNT 05-13 Insurance Premiums not Properly Reported as Compensation

The Tangipahoa Parish Sheriff failed to include the premiums paid for life insurance coverage in excess of \$50,000 in compensation for the Tangipahoa Parish Sheriff employees for the federal tax year 2004. Internal Revenue Code Section 79 states that employees must include in income the cost of more than \$50,000 of group-term life insurance provided by the employer.

I recommend that the Tangipahoa Parish Sheriff ensure that all premiums paid in excess of \$50,000 of group-term life insurance for employees is included in compensation.

MGNT 05-14 Surety Bond for Employees with Access to Cash

Good business practices require that employees with cash handling duties be covered with surety bonds. The amount of the bond may vary from employee to employee depending on their duties and responsibilities of the particular employee. A surety bond may serve as an element of internal control.

I strongly recommend that the sheriff consider obtaining surety bonds for employees responsible for cash funds. During the current fiscal year \$53,000,000 was handled by the sheriff's office.

MGNT 05-15 Department-Wide Payroll Overpayment

The TPSO changed from a monthly payroll to a bi-weekly payroll during September 2004. A calculation error made during the change caused every sheriff's office employee to be overpaid by approximately 3% for the period of September 2004 through December 2004. The pay-rates were corrected in January 2005. The overpayments were not recouped from the employees. The total overpayment for TPSO is estimated to be \$60,000.

MGNT 05-16 Lack of Control Over Evidence

During my audit, it was noted that additional security measures need to be implemented over evidence held by the Sheriff.

It is recommended that the Sheriff have the evidence manager to implement the necessary changes. In addition, the Sheriff needs to contact the Tangipahoa Parish Council in regards to security upgrades at the Hammond substation.

MGNT 05-17 Failure to Submit Seized Cash to District Attorney as Required by State Law

The Tangipahoa Parish Sheriff's Office failed to submit seized cash to the District Attorney as required by Louisiana Revised Statute 40:2616 (B).

LRS 40:2616 requires that "all monies obtained under the Seizure and Controlled Dangerous Substances Property Forfeiture Act of 1989 are required to be deposited in the District Attorney's Special Asset Forfeiture Trust Fund". For the fiscal year ended June 30, 2005, the Tangipahoa Parish Sheriff's Office deposited the seized assets into their own bank account and held the funds until requested by the District Attorney once the funds were legally forfeited.

I recommend that in the future, all seized cash to be forfeited through the 21st Judicial District Court be submitted to the District Attorney for deposit into the DA's Special Asset Forfeiture Trust Fund immediately upon seizure. In addition, I recommend that all funds currently being held for fiscal year 2005 seizures be remitted to the District Attorney.

MGNT 05-18 Duplicate Receipt Numbers for Traffic Citations

The computer program used for traffic citation accounting allows receipt numbers to be duplicated.

Receipt of funds in the traffic division is typically documented with a manual receipt. However, if the day has been closed out, the traffic division personnel prepare a computer-generated receipt. During my test of traffic citations, I noted that a single receipt number was used three times for three different violators and three different traffic tickets.

An adequate system of internal controls requires that receipt numbers not be duplicated. I recommend that the Tangipahoa Parish Sheriff's Office request a computer programming update to prevent the use of duplicate receipt numbers.

MGNT 05-19 Inadequate Internal Control Procedures in the Criminal Bond Fund
(Repeated from Prior Year)

The previous audit disclosed the following internal control weaknesses in the criminal bond fund of the Tangipahoa Parish Sheriff:

- Not maintaining adequate control over the issuance and subsequent return of tickets by maintaining a control log of ticket books issued to deputies that is reconciled back to the completed tickets that are returned to the traffic division for processing.

Status of Resolution:

A control log was maintained during the fiscal year ended June 30, 2005, but improvement is needed. The return of the tickets is not always accounted for in the log, and many gaps were noted due to the large number of ticket books being issued at one time.

Not all ticket books issued directly to the deputies. It was noted that books are being issued in batches to the captains. The captains subsequently issue the books to the deputies. The captains keep a separate log of the issuance of these tickets that is not signed by the deputy receiving the book.

It was difficult to locate a copy of the traffic ticket due to the copy of the ticket retained by the Sheriff's office being filed in alphabetical order, in various batches, based on collection date.

I recommend that the Tangipahoa Parish Sheriff's Office issue ticket books directly to the deputies, in batches of no more than three ticket books. Deputies should, without exception, sign for the receipt of the ticket books. I further recommend that the Tangipahoa Parish Sheriff's Office copy of the ticket be left in the ticket book. The responsible party at the Tangipahoa Parish Sheriff's Office can then easily account for every ticket issued. If a ticket is voided, all copies of the ticket should remain in the book.

- Collections on traffic tickets are performed by the traffic division with a copy of the receipt being sent to the District Attorney for duplicate input into the District Attorney's separate software system. No computer link exists between the Tangipahoa Parish Sheriff's Office and the District Attorney for proper internal control and processing of payments on traffic tickets issued.

Status of Resolution:

A computer link was not established with the District Attorney during the fiscal year ended June 30, 2005, as recommended in the prior year's audit.

I recommend that the Tangipahoa Parish Sheriff's Office create a computer link with the District Attorney's office and establish a central processing point for the input of traffic tickets.

Tangipahoa Parish Sheriff
Management Letter

- Arrest warrants for violators who do not appear for court are not input by the Tangipahoa Parish Sheriff's Office into an "outstanding warrants log" that is made available to the Tangipahoa Parish Sheriff's Office radio room and central booking at the jail to apprehend repeat offenders who have outstanding warrants.

Status of Resolution:

An outstanding warrants log has been generated which links the radio room, central booking at the jail, and the criminal division. However, as of the ending date of audit fieldwork in November 2005, the log was only completed through July 2005.

I recommend that the outstanding warrants log be kept on a current basis to completely accomplish the goal of apprehending repeat offenders who have outstanding warrants.

MGNT 05-20 Failure to Track Outstanding Receivables for Inmate Housing
(Repeated from Prior Year)

The Tangipahoa Parish Sheriff's Office does not have a system in place to track outstanding receivables for inmate housing.

The billing clerk at the jail prepares the monthly billing statements for inmate housing; however, the bills are submitted only for the current month's activity. The billing clerk does not have information about outstanding balances. Payments are submitted to the central accounting office in Hammond. The central accounting office does not send payment information to the billing clerk at the jail. Neither the jail-billing clerk nor the central accounting office is maintaining an aged accounts receivable for inmate housing.

I recommend that the Tangipahoa Parish Sheriff's Office immediately implement an accounts receivable tracking system to ensure that all monies due for inmate housing are being properly billed and accounted for.

MGNT 05-21 Lack of Adequate Internal Controls over Decentralized Accounting Functions
(Repeated from Prior Year)

During my audit, I noted that Tangipahoa Parish Sheriff's Office processed general ledger accounting activities at the following decentralized locations using a variety of accounting programs, some of which have been discontinued and are currently obsolete:

<u>Function</u>	<u>Location</u>	<u>Software</u>
General Fund	Hammond Substation	QuickBooks
Federal & State Grants	Hammond Substation	QuickBooks
Inmate Work Release	Amite Jail	Manual & Quicken
Inmate Assets & Commissary	Amite Jail	Manual/AS400
Tax Collector	Amite Courthouse	Internally Developed
Civil and Criminal	Amite Courthouse	Manual/Quicken

Personnel at these decentralized locations must continue to maintain source journals (cash receipts/cash disbursement journals) for their individual functions, however, a system should be implemented where copies of these source journals could be submitted to a centralized accounting office for review and processing by central accounting personnel with the general ledger and related accounting records maintained at one location.

Lack of centralized accounting creates an environment in which adequate monitoring of internal controls cannot be maintained, existing internal controls can be over-ridden and not detected in a timely manner by management, adequate day-to-day monitoring of the overall fiscal affairs of the Sheriff's office cannot be performed. In addition, substantial additional work is required at year-end to provide complete accounting records to the external auditors necessary to perform the required annual audit on a timely and cost-efficient basis.

Tangipahoa Parish Sheriff
Management Letter

I recommend that the Tangipahoa Parish Sheriff's Office create a centralized accounting office for processing of source journals received from the various de-centralized locations and maintenance of a centralized general ledger accounting for all functions of the Sheriff's office.

MGNT 05-22 COPS in School Funds Deposited into Local Law Enforcement Block Grant Account in Error

The Tangipahoa Parish Sheriff's Office failed to notice that \$174,331 of COPS in Schools Grant funds were electronically deposited into the Local Law Enforcement Block Grant (LLEBG) bank account in error.

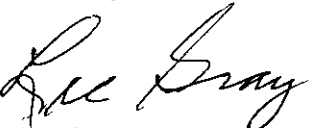
All deposits for the COPS in Schools Grant received during the fiscal year ended June 30, 2005, were deposited into the LLEBG bank account in error. Deposits were made from November 2004 through May 2005. The error was not discovered until April 2005 because no one was reviewing or reconciling the LLEBG bank account during the year.

A proper system of internal controls requires that bank accounts be reconciled monthly to detect errors like those noted above in a timely manner.

I recommend that the Tangipahoa Parish Sheriff's Office ensure that all bank accounts are reconciled monthly with the general ledger.

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I thank you and your staff for the helpful cooperation I received during my audit.

Sincerely,

Certified Public Accountant

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR CURRENT YEAR FINDINGS AND QUESTIONED COSTS**



Daniel Edwards

SHERIFF & EX-OFFICIO TAX COLLECTOR

Dennis Pevey
Chief Criminal Deputy

Burton Ory
Chief Civil Deputy

January 5, 2006

Mr. Lee Gray, C.P.A.
601 Courtney Drive
Amite, LA 70422

Re: 2005 Audit Tangipahoa Parish Sheriff's Office FY 6/30/2005
Management's Corrective Action Plan for Current Year Findings
And Questioned Costs

Dear Mr. Gray:

As Auditee, the Tangipahoa Parish Sheriff's Office offers this Corrective Action Plan to address the issues presented in the Audit and in the Management Letter you have provided. Our response takes the form of the following submittals:

- 1.) This letter outlining our Plan.
- 2.) The attached Chart identifying the Corrective Action Plan in reference to specific items mentioned in the Management Letter.
- 3.) An employment advertisement seeking applicants for a new position we are creating within the Sheriff's Office, Director of Financial Operations, whose duties will be to address Findings and Management Letter items arising out of the current audit and out of our own self-assessment.

For several years prior to the beginning of this Administration on July 1, 2004, the Tangipahoa Parish Sheriff's Office ("TPSO") experienced serious financial difficulties. In fact, TPSO generated three consecutive deficits from July 1, 2000, through June 30, 2003, in the amounts of \$296,000.00, \$564,000.00 and \$634,000.00 respectively. The final audit of the prior administration revealed 42 Findings and was a "qualified" opinion. While there was a \$750,000.00 fund balance on June 30, 2004, it was produced by the previous administration's massive layoffs, across-the-board pay cuts for all remaining employees and the scaling-back of law enforcement services including fewer deputies actually patrolling, fewer bailiffs in the courtrooms and fewer resource officers in our schools. Upon taking office, our first priority was to improve law enforcement or the criminal side of TPSO while being fiscally responsible. It was a task made more difficult by tax liens and cash flow interruptions, as well as a significant accumulation of legal and business problems which had developed in the preceding years but not dealt with appropriately.

Our administrators found that the civil side of the office—and particularly the accounting system of the Sheriff's office—was dysfunctional. Many computer files had been erased just before our term commenced. There were no personnel records. There was an inadequate inventory of assets, with assets missing or unaccounted for. Passwords necessary to run critical accounting and word processing software were missing. Software which was operational was in many cases inadequate to the task, much of it not updated since the Y2K event years before. Tax liens had been filed by the IRS seizing Sheriff's Office accounts. Federal grants had been neglected or mishandled by commingling or misspending and federal auditors were seeking explanations. Many months elapsed during the first year in office—the year covered by this audit—before incoming TPSO managers could catalog the problems they found, much less devise appropriate solutions. To some extent, we self-curtailed spending in administrative areas because of uncertainty over the accuracy of revenue forecasts, further delaying needed improvements; in retrospect, the funds were sufficient to hire additional personnel and equipment, but we did have confidence of that until very late in the current audit cycle.

The most intractable problems on the civil side lay in the difficulty of obtaining qualified personnel. The heavy turn-over of employees in the accounting office was almost 100%, and of the employees who remained, many had not been properly trained to accomplish their tasks or had been trained to perform those tasks in a way which is inconsistent with modern management practices.

Over time we began to remedy the accounting problems by improving the business practices of the sheriff's office, increasing the revenue streams and tightening administrative practices. We have made significant progress in upgrading our computer systems and are now prepared to run *Creative Solutions*. We have increased our computer capacity for tracking fixed assets and inventory, and we have hired more highly qualified personnel in the accounting office (several degreed accountants, one with her Masters Degree). The results of our first year's audit show the improvement but also demonstrate in detail the need for further concentration of resources. We are proud to have received an "unqualified" opinion, and proud that the number of Findings has decreased (from 42 Findings down to 29 Findings). And we are proud that the fund balance after this first year in office was \$1.9 million, an increase of \$1.2 million in just 12 months. This reflects frugal management, we believe.

The number of Management Letter Comments is a source of concern for us, and we are in agreement with many of them. To address these audit concerns and to satisfy our own goals and standards for how the Sheriff's Office ought to be operated, we are strengthening our accounting capability further by creating a new billet for a Director of Financial Operations who will be a degreed accountant, a CPA or experienced governmental auditor. This person will be hired in the first quarter of 2006 and will be assigned the task of perfecting the accounting function of the Sheriff's Office and responding specifically to Management Letter items. A sample ad for such position is attached.

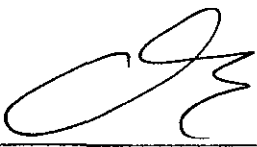
Mr. Lee Gray, CPA
Page 3
January 5, 2006

We will also undertake a rigorous self-assessment of the accounting function as well, and will rely upon outside professionals to guide us in structuring our accounting activities, such that future audits will reflect our progress.

Finally, we will undertake a monthly meeting of our accounting staff, our consultant, and our legal counsel for the purpose of tracking compliance with audit requirements and insuring the commitments made in our Corrective Action Plan are fulfilled.

I assure you this matter has our undivided attention.

Sincerely,
Tangipahoa Parish Sheriff's Office, Auditee

By: 
Daniel H. Edwards, Sheriff

Attachments

Chart identifying Corrective Action Plan
Sample Ad for Position of Director of Financial Operations

TANGIPAHOA PARISH SHERIFF

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR CURRENT YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2005**

Section 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Finding No. 05-01 Prohibited Contractual Arrangement with Employee.

The Tangipahoa Parish Sheriff's Office agrees with the auditors finding. Upon notification by the auditor of this violation, the contract was immediately suspended and will not be renewed. Additionally, the Tangipahoa Parish Sheriff's Office will amend its policies and procedures manual to prohibit contractual arrangements with current employee's of the department.

Finding No. 05-02 Advance Payment Made in Violation of State Law.

This finding relates to an advance payment made for professional services which were provided to the Tangipahoa Parish Sheriff's Office. The Tangipahoa Parish Sheriff's Office agrees with this finding, and has advised its accounting staff not to provide payment for goods or services until those services have been provided, or the products have been delivered. Advance payment for goods and services are no longer allowed, in compliance with State Law.

Finding No. 05-03 Noncompliance with Federal Equitable Sharing Agreement.

The Tangipahoa Parish Sheriff's Office disagrees with this finding. Form Number 552 Internal Controls, provides that funds must not be co-mingled and that funds must be segregated by account or accounting code.

Finding No. 05-04 Noncompliance with Public Bid Law.

The Tangipahoa Parish Sheriff's Office agrees with this finding. Upon taking office in July of 2004, the Sheriff hired a purchasing agent who is responsible for ensuring that the Tangipahoa Parish Sheriff's Office maintains compliance with the public bid laws. A number of the items cited as violations were acquired prior to the establishment of proper purchasing procedures, which were not in place prior to July 2004. In order to ensure that the Public Bid Law is not violated in the future, the Sheriff will instruct the department's purchasing agent to take the necessary steps to ensure that the Tangipahoa Parish Sheriff's Office is in complete compliance with the Public Bid Law. Additionally, the practice of "cost plus" bidding will be discontinued.

Finding No. 05-05 Failure to Comply with Local Government Budget Act.

The Tangipahoa Parish Sheriff's Office agrees with this finding. The current sheriff will ensure that budgets are prepared for the Tri-Parish Fund, Dare Scholarship Fund, and Inmate Commissary Fund. Additionally, when appropriate, the budgets of the Tangipahoa Parish Sheriff's Office will be amended if total expenses and other uses of funds exceed projections by 5% or more.

Finding No. 05-06 Failure to Provide Annual Report of Expenditures.

The Tangipahoa Parish Sheriff's Office agrees with this finding. The prior administration did not file the required Annual Report of Expenditures prior to leaving office. The Sheriff will ensure that all required reports are filed in accordance with state law.

Finding No. 05-07 Failure to Timely Disburse Interest Earned on Tax Deposits to Other Taxing Bodies as Required by State Law.

The Tangipahoa Parish Sheriff's Office agrees with this finding. As a matter of policy, the Tangipahoa Parish Sheriff's Office has had the practice of not disbursing funds until all funds received at the Annual Tax Sale had been cleared by the financial institution in which it is deposited. Recognizing that state law requires the disbursement of funds within five days of the date of the annual tax sale, not the date which the funds are credited by the financial institution, the Sheriff's Office will modify its current practice and disburse funds in a more timely manner.

Finding No. 05-08 Inadequate Internal Controls Over the Tax Collector Fund.

The Tangipahoa Parish Sheriff's Office agrees with this finding. The lack of proper internal controls identified by the auditor is an inherent weakness of the current software being utilized by the tax department. In order to correct this weakness, the Tangipahoa Parish Sheriff's Office has undertaken a review of its existing inventory of software utilized by the department. It is currently estimated that a new tax software system will be put into service in 2006. Additionally, the Tangipahoa Sheriff's Office will work towards improving its current system of Internal Controls over change orders which are made to the existing parish tax rolls. The Tangipahoa Parish Sheriff's Office will also improve its current reconciliation process and adopt those changes suggested by the auditor.

Finding No. 05-09 Failure to Maintain Subsidiary Ledger for Criminal Bond Fund.

The Tangipahoa Parish Sheriff's Office agrees with this finding. The Tangipahoa Parish Sheriff's Office will establish a system which properly reconciles the cash bonds on hand with the cash balances in the bank on a monthly basis.

Finding No. 05-10 Unreconciled Balance in the Advanced Civil Deposit Fund.

The Tangipahoa Parish Sheriff's Office agrees with this finding. In an effort to clear this outstanding audit issue, the Tangipahoa Sheriff's Office has filed A Petition for Declaratory Judgment in the 21st Judicial District Court. The petition requests that the excess funds be allowed to be transferred to the Tangipahoa Parish Sheriff's General Fund. The Tangipahoa Parish Sheriff's Office will immediately comply with whatever ruling is made by the court in regards to that petition.

Finding No. 05-11 Unexplained \$48,931 Shortage of Cash in the Work Release Inmate Trust Fund.

The Tangipahoa Parish Sheriff's Office agrees with this finding. A proper system of reconciliation between the trust bank account and the balance due to the inmates will be put in place.

Finding No. 05-12 Noncompliance with Work Release Program Regulations.

The Tangipahoa Parish Sheriff's Office disagrees with this finding. These inmates are in transit according to the Department of Corrections Secretary, Hon. Richard Stalder. The present software program used at the jail facility will be changed in order that these inmates in these circumstances can be acknowledged as in transit.

Finding No. 05-13 Inadequate Internal Controls over Jail Finances.

The Tangipahoa Parish Sheriff's Office agrees with this finding. An adequate system of internal controls requires that adequate staff be available in order to properly segregate the accounting functions performed by each employee. The Sheriff will review the current staffing level and budget to assess the possibility of increasing the current staffing levels within the Tangipahoa Parish Jail.

Proper internal controls also require that certain systems be in place to ensure that duplicate payments are not made by the Accounts Payable System. In order to ensure that invoices are not paid more than once, the Sheriff will direct his Accounting Staff to only provide payments on original invoices provided by the vendor. Additionally, a proper reconciliation of the Inmate Asset Account will be performed on a timelier basis to protect against overpayment of funds due to inmates upon their departure.

Finding No. 05-14 Unrecociled Balance in the Inmate Asset Account.

The Tangipahoa Parish Sheriff's Office disagrees with this finding. Subsequent to providing the response to this item on the 2004 Audit, the Sheriff's Office obtained a legal opinion from its counsel that the funds in the Inmate Account represent funds which have been forfeited pursuant to a waiver form signed by the inmates. The Sheriff's Office plans to await a pending court ruling in the civil litigants suit (Daniel Edwards vs. Civil Litigants, Docket Number 2005-0003393, 21st Judicial District Court) before deciding whether to proceed in similar fashion to assert an ownership claim to the funds in the Inmate Asset Account. The legal rationale for both claims is similar, and accordingly the court's ruling will be instructive on the probable outcome of a claim against this Account. The Sheriff's Office has a responsibility to pursue this outcome.

Finding No. 05-15 Inadequate Internal Controls Over Inmate Funds.

The Tangipahoa Parish Sheriff's Office agrees with this finding; the matter has been transferred to the TPSO Detectives and Internal Management for investigation.

Finding No. 05-16 Inadequate Internal Controls Over Expenditures.

The Tangipahoa Parish Sheriff's Office agrees with this finding. And, in order to improve the existing Internal Controls over its Accounts Payable Function, will adopt those changes recommended by the auditor.

Finding No. 05-17 Failure to Enroll All Required Employees in Pension Plan.

The Tangipahoa Parish Sheriff's Office agrees with this finding. In order to ensure that employees are properly enrolled into the Louisiana State Retirement System, the Sheriff will direct the personnel department to properly enroll employees in accordance with state guidelines. Additionally, any employees that were not properly enrolled, will be enrolled with a contribution to their retirement account being made to account for any shortfall which may have occurred during the previous year.

Finding No. 05-18 Inadequate Internal Controls over Payroll.

The Tangipahoa Parish Sheriff's Office agrees with this finding. The Sheriff will instruct the accounting and payroll staff to implement those changes which have been recommended by the auditor.

Finding No. 05-19 Employees Incorrectly Reported as Contract Labor.

The Tangipahoa Parish Sheriff's Office agrees with this finding and will comply with applicable law.

Finding No. 05-20 Failure to Comply with Deputy Sheriff's Supplemental Pay Program Requirements.

The Tangipahoa Parish Sheriff's Office agrees with this finding. The Sheriff will instruct the accounting department staff to ensure that all reports are filed in a timelier manner. Additionally, the personnel

Tangipahoa Parish Sheriff
Management's Corrective Action Plan – Continued

department will review their current procedures and make such modifications necessary to ensure that personnel files are accurately maintained.

Finding No. 05-21 Lack of Financial Oversight.

The Tangipahoa Parish Sheriff's Office accepts this finding. Upon taking office in July 2004, the new Sheriff faced a turn-over of all accounting employees (most did not accept employment with the new sheriff; others left within 90 days). The result of this large scale turn-over was to leave the accounting function understaffed in terms of both the number of employees available to the department, and the skill and experience required to do the job. The Sheriff's Office prioritized its management initiatives in the first year to provide improvements in the area of law enforcement first before addressing operational shortfalls in accounting. While those improvements in the law enforcement capabilities of the department were obvious throughout the year, as evidenced by increased patrols, increased seizures of drugs and drug funds, and increased cooperation between other government agencies, some other functions of the Sheriff's Office received less than optimal attention, including the accounting function. During recent months, a number of changes have been implemented which should serve to correct many of the accounting issues presented in this audit. The first and most important of these changes is the recruitment and retention of qualified, properly educated staff. Since May of 2005, the Sheriff's Office has recruited and hired three new employees to serve in the accounting function of the Sheriff's Office, two of whom hold Bachelor Degrees in Accounting and one of whom holds a Masters. Additionally, a new supervisory position is being created (Director of Accounting), and the successful applicant will assume day-to-day management over the Financial Operations of the Sheriff's Office. This applicant will be a degreed accountant with the C.P.A. designation and/or 5 years of governmental accounting experience. Additionally, the Sheriff is committed to continue with his improvements to the overall operation and accountability of the Sheriff's Office, and will allocate the necessary resources to the accounting and financial management area of the office in order to bring that area of responsibility up to the same level of professionalism expected from his law enforcement and investigation areas of the office.

Section 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Finding No. 05-22 Lack of Proper Segregation of Grant Expenditures.

The Tangipahoa Parish Sheriff's Office agrees with this finding. In response, the chart of accounts of the Sheriff's Office will be modified so that that recommendation of the auditor can be implemented.

Finding No. 05-23 Inadequate Documentation for Tri Parish Grant Expenditures.

The Tangipahoa Parish Sheriff's Office partially agrees with this finding. Concerning the lack of records for salary expenditures for agents from Livingston and St. Helena parishes we believe they are not required. This is because the grant requires "two agents" but does not designate them from any particular agency, and actually requires two Fulltime Equivalent (FTE) employees. FTE employees may be any number that combine to produce the number of work hours that two fulltime employees would produce. The Tangipahoa Parish Sheriff's Office has payroll records for three agents who worked the project during the project period satisfying the salaries provided by the grant. Also, Section IV of the Intergovernmental Agreement signed by all three participating sheriffs states: "Each participating agency agrees to dedicate one commissioned officer who is P.O.S.T. Certified to Task Force operations." The section continues to state that each agency is also responsible for those officer's fringe benefits, vehicles and office support system. The officers are undercover agents. Thus, we feel there are satisfactory payroll records within the Tangipahoa Parish Sheriff's Office to provide compliance with grant requirements. In addition each request for funds did involve one-quarter of said agents' grant-funded salaries. And, each request was below actual salary expenses paid by the Tangipahoa Parish Sheriff's Office to those agents. Quartering the annual salaries in each request was done to provide a predictable, steady stream of funding for planning purposes.

Tangipahoa Parish Sheriff
Management's Corrective Action Plan – Continued

Concerning voucher requirements we are in agreement with the finding. While the review of expense vouchers did not show any improper expenditures, it did show failure in some cases to follow approved voucher procedure. Therefore, on this portion of Finding 05-32 we are in agreement and have taken steps to comply with the finding. Said steps included grant administrator discussions with the project director and project clerk who are responsible for the vouchering process, and the sheriff's fiscal office staff, which oversees fund distribution on a day-to-day basis. The project director was provided a copy of "Federal Guidelines for the Handling of Confidential Funds", which are also the state-adopted (LCLE) standards. The project director reported that he understands the required vouchering process and will correct past non-compliance. The project director was provided an additional copy of the guidelines and provided a signed statement of receiving said guidelines, which has been included in the project file. In the coming project year the grant includes funding for only the salaries of the project director, the project clerk and some of their fringe benefits in an effort to simplify record requirements and focus on personnel responsible for correction of voucher application.

Finding No. 05-24 Noncompliance with Local Law Enforcement Block Grant Regulations.

The Tangipahoa Parish Sheriff's Office does not agree with this finding. Documentation dated 12/01/2005 from the Department of Justice Programs states that TPSO's present procedure for tracking funds is acceptable as long as our accounting system clearly identifies the reimbursements as budgeted expenditures outlined in our grant proposal or approved modification.

Documentation was sent to the Department of Justice requesting the Local Law Enforcement Block Grant Funds be deposited in the Block Grant Account. The Department of Justice deposited these funds into our general fund account by error. TPSO transfers these funds from the General Fund Account to the Block Grant Account as soon as we learned of the fund transfer error. TPSO will continue requesting that Block Grant funds to be deposited into an interest bearing Block Grant Account, not our General Fund Account.

The grant administrator requested in writing to the Department of Justice on several occasions that Local Block Funds be electronically deposited into the Department's interest bearing Local Block Grant Account. The Department of Justice continues the electronic deposit of Block Grant funds in the General Fund Account in error. TPSO will continue requesting that these funds be transferred into the Block Grant Account..

Finding No. 05-25 Local Law Enforcement Block Grant Corrective Action Not Done.

The Tangipahoa Parish Sheriff's Office agrees with this finding but contended that in-kind transfers had met the requirements of the Grant.

Finding No. 05-26 Inadequate Internal Controls over Financial Reporting for the COPS in Schools Grant.

The Tangipahoa Parish Sheriff's Office partially agrees with this finding. The grant administrator was given fringe benefits amounts by a former employee that was later determine to be in error. The grant administrator keeps the spreadsheet for his records and makes changes to the spreadsheet as accounting documents are received. The correction to the Fringe Benefits have been make and have bee submitted to the Department of Justice for corrective action. As errors are corrected, then the funds are drawn down. There is no set date when funds can be drawn. The Justice Department only requires that a date range be submitted outlining the time that these funds were expended. The spreadsheet does not match the Financial Status Report (FSR's) because once a FSR's has been filed, from time to time error in salaries are detected and the corrective action in submitted in the next or a later Financial Status Report. The change is documented on the FSR.

Finding No. 05-27 Noncompliance with COPS in Schools Grant Regulations.

The Tangipahoa Parish Sheriff's Office disagrees with this finding. The \$51,000.00 request for funds was based on the \$23,000 entry-level salary. Documentation for the Department of Justice states a COPS in Schools grantee is not in violation of the terms of the grant if they pay the grant funded School Resource Officers a salary greater than what was agreed to in the original grant application –as long as the difference between the higher salary rates and the rates agreed to in the grant application is paid out by the granted agency. If the agency does apply the difference, then the COPS agency considers this simply part of the local "match". In terms of the retention requirement, TPSO will be within the terms of the grant by retaining the funded School Resource Officers for one complete budget cycle.

TPSO does not need an approved grant application modification to modify the department's community policing activities. The community policing activities listed in the grant application is a survey of our community policing activities at the time of the application and do not reflect any required activities that must be maintained for compliance for grant terms.

Documentation from the Department of Justice says that TPSO does not need a programmatic modification to our COPS in Schools program. It is permissible to reassign a School Resource Officer from the school designated in our approved grant application to another school, as long as the school to which the said officer was reassigned to is within the same school district. The Sheriff's office has ten officers assigned to the COPS in Schools program. The supervisor's salary if funded with local funds, one SRO's salary is funded by a Northwood Preparatory School budget and eight school resource officers are assigned to eight schools in the Tangipahoa Parish School District and funded with COPS in Schools Funds. The eight officers funded with COPS in Schools funds devote at least 75% of their time in the schools or outside of school activities (football, basketball, baseball games, etc.).

At the time of the application the sworn strength was listed on the application at 267. On June 1, 2004, the sworn strength had been reduced to 235. This is 32 officers below the required sworn strength of 267. July 1, 2004 at the time of the change of administration the sworn strength remained at 255 because of budgetary restraints. As funds have become available the sworn strength has increased, and by March 1, 2005 the department sworn strength should equal to or be greater than the required sworn strength of 267. The supplanting issue has been reported to the Department of Justice Legal Department.

The Schools Resource Officer is not required to be a newly hired employee. Any member of the department so designated by the sheriff, whenever hired, can be assigned to the School Resource Officer program as long as the Sheriff employs a newly officer to backfill that position.

Finding No. 05-28 Noncompliance with Crime Victims Assistance Grant Award Conditions.

The Tangipahoa Parish Sheriff's Office agrees with the finding. TPSO has satisfactorily applied for an amendment to the grant prior to the close of the grant period, and are now in compliance with the grant requirements.

Finding No. 05-29 Lack of Adequate Inventory of Fixed Assets Acquired with Federal Grant Funds.

The Tangipahoa Parish Sheriff's Office agrees with this finding. The former administration did not have a procedure in place for tracking fixed assets acquired with federal funds. However, since July 1, 2004 the Sheriff has implemented a procedure to track federal assets. Grant administrators track federally funded assets with a database that contains information required by the Department of Justice, Office of Justice Programs, and Office of the Comptroller Federal Guide. In addition a signature sheet is initiated to track federally funded property assigned to individual employees from the grants office to the individual.

Tangipahoa Parish Sheriff
 Management's Corrective Action Plan – Continued

SECTION 3. MANAGEMENT LETTER	
Finding Reference No.	Management's Corrective Action Plan
05-01 Possible Nepotism Violation at Parish Jail	TPSO disagrees with the Auditor's suggestion that a nepotism violation has occurred. The employment situation referred to has been in place for some eight years and pre-dates the current administration as well as Ethics Opinion # 2002-048 on which the Auditor relies. TPSO has received a legal opinion that this Ethics Opinion can only have prospective application and thus cannot serve as a basis for finding a violation in this instance, nor does it mandate an employment action on behalf of TPSO to "cure" the situation. Indeed, such an employment action may give rise to separate legal exposure for wrongful termination. Furthermore, the warden who supervises the jail where his son is also employed is not an "Agency Head" as defined in 42:1102. Were the warden's son to terminate his employment, and then re-apply, such re-employment would be a violation of the Ethics Opinion and would not be proper.
05-02 Payment for Expenditures Incurred Prior to Taking Office	TPSO accepts the recommendation of the Auditor to seek an opinion of the Louisiana Attorney General. By detailed response to the auditor under date of August 8, 2005, with attached legal memoranda, TPSO has explained the necessity of and the legal justification for these legal services. These services were requested before 7.1.04 but delivered, accepted, and utilized after 7.1.04.
05-03 Failure to Provide Signed Fiscal Agency Agreement	Although The Tangipahoa Parish Sheriff's Office and First Guarantee Bank agree that a fiscal agency agreement was signed and adopted by both parties, an original signed copy could not be located at either the Sheriff's Office or First Guarantee Bank. The Tangipahoa Parish Sheriff's Office will obtain a signed copy of the Fiscal Agency Agreement.

Tangipahoa Parish Sheriff
 Management's Corrective Action Plan – Continued

<p>05-04 Failure to Create a Crime Lab Committee as Required by State Law</p>	<p>The Tangipahoa Parish Sheriff's Office will notify both the Chief Judge, and District Attorney of The 21st Judicial District of this requirement under Louisiana Revised Statute 15:85.1(B), and request that a Parish Crime Lab Committee be formed. Our ability to establish this committee will of course be dependent on the other participants willingness to participate in this committee.</p>
<p>05-05 Commingling of Grant Confidential Funds with Local Confidential Funds</p>	<p>TPSO accepts the recommendation of the Auditor. While there is no indication that Federal Grant Confidential Funds were mis-spent, The Tangipahoa Parish Sheriff's Office appreciates the need for enhanced internal controls over these funds. The steps necessary to separate the expenditure of Local Confidential Funds from Federal Confidential Funds will be taken.</p>
<p>05-06 Inadequate Documentation to Support Cell Phone Payments</p>	<p>The Tangipahoa Parish Sheriff's Office has implemented a policy which allows for the payment of cell phone usage by narcotics agents only by direct payment to the service provider (of telephone service).</p>
<p>05-07 Inadequate Documentation to Support Overtime Payments</p>	<p>The Tangipahoa Parish Sheriff's Office will authorize overtime to it's employees only after signed and approved timesheets are submitted in connection with the work.</p>
<p>05-08 Lack of a Written Accounting Policy and Procedures Manual (Repeated from Prior Year)</p>	<p>TPSO accepts the recommendation of the Auditor. The present Policy and Procedures Manual will be amended to include all of the Auditor's recommendation. Additionally, the revised policy manual will be distributed to all affected employees.</p>
<p>05-09 Failure to Comply with \$535,000 Refunding Bonds Sinking Fund Requirements (Repeated from Prior Year)</p>	<p>The Tangipahoa Parish Sheriff's Office will change the name on the checking account to conform with the Refunding Bonds Sinking Fund Requirements. Additionally, the annual payment into the fund will be made out of the "first" dollars of taxes collected, rather than by the deadline of March 1st of each year.</p>
<p>05-10 Lack of Policy Regarding Code of Conduct for Employees (Repeated from Prior Year)</p>	<p>The Tangipahoa Parish Sheriff's Office accepts the recommendation of the Auditor. In November 2005, a comprehensive Policies and Procedures Manual was formally adopted and</p>

Tangipahoa Parish Sheriff
Management's Corrective Action Plan – Continued

	implemented by the Tangipahoa Parish Sheriff's Office.
05-11 Failure to Make Daily Deposits of Seized Cash (Repeated from Prior Year)	The Tangipahoa Parish Sheriff's Office accepts the recommendation of the Auditor. It should be noted that the management finding occurred in early July of 2004 and since that time it was corrected and personnel responsible for the deposits are monitored.
05-12 Failure to Obtain Attorney General's Opinion Regarding Collection of Fee For Criminal Jury Subpoenas (Repeated from Prior Year)	The Tangipahoa Parish Sheriff's Office does not agree with the Auditor's recommendation. Fees at the rate of \$15.00 per subpoena have been collected since receiving the first Venire from the Clerk of Court. Management has billed all respective agencies for the subpoenas as stated in the Corrective Action Planned in the prior audit. Since all agencies involved are in agreement with the invoicing no Attorney General's Opinion was necessary.
05-13 Insurance Premiums not Properly Reported as Compensation	The Tangipahoa Parish Sheriff's Office agrees with the Auditor's finding on this issue. However, since the payment of insurance is a legal requirement of the department, the Sheriff's Office will seek guidance from the U.S. Department of Treasury before implementing the auditors recommendation.
05-14 Surety Bond for Employees with Access to Cash	The Tangipahoa Parish Sheriff's Office agrees with the Auditor's recommendation. The Sheriff's office will solicit proposals for surety bonds on those employees with access to cash, and will make a cost / benefit determination which is in the best interest of the department.
05-15 Department-Wide Payroll Overpayment	The Tangipahoa Parish Sheriff's Office disagrees with the Auditor. During the process of converting the Sheriff's Office payroll system from a monthly to a true bi-weekly payroll, certain cost were estimated to be incurred. Those costs included the cost of processing additional payroll, as well as the additional lost days which would be incurred during the transition. The transition required six months to correctly align the payroll process to comply with "Special Payment Requirements of Police"

Tangipahoa Parish Sheriff
 Management's Corrective Action Plan – Continued

	<p>of the Fair Labor Standards Act. In that six month period employees earned one-half (1/2) of their annual salary in a calendar year. The Tangipahoa Parish Sheriff's Office considered the overpayment to its employees to be a "cost" of converting from a monthly to a bi-weekly payroll system.</p>
05-16 Lack of Control Over Evidence	<p>The Tangipahoa Parish Sheriff's Office agrees with the Auditor's recommendation. During the next fiscal year, the Sheriff's Office will communicate with The Tangipahoa Parish Council to determine if such upgrades are possible within their budget.</p>
05-17 Failure to Submit Seized Cash to District Attorney as Required by State Law	<p>TPSO agrees with the Auditor's recommendation. It should be noted that all funds were transmitted to the Office of the District Attorney on November 14, 2005. A systematic transfer will be arranged with the Office of the District Attorney in order to reduce the amount of paperwork involved.</p>
05-18 Duplicate Receipt Numbers for Traffic Citations	<p>The Tangipahoa Parish Sheriff's Office agrees with the Auditor's recommendation. It is recognized that duplicate receipt numbers for traffic citations is an inherent weakness of the current software being utilized by the Sheriff's Office. However, correction of the existing software is not possible due to a lack of "software and technical" support of the system (and the cost associated with such an enhancement). Long term, it is the plan of the Tangipahoa Parish Sheriff's Office to acquire a complete software system which would be capable of supporting all of the operations of the Tangipahoa Parish Sheriff's Office. However, at the present time, the acquisition cost of such a system is not within the financial resources of the department. In the mean time, the department will review other internal control procedures which would protect against the duplication of receipt numbers for traffic citations.</p>
05-19 Inadequate Internal Control Procedures in the Criminal Bond Fund	<p>The Tangipahoa Parish Sheriff's Office agrees with the Auditor's recommendation, with some exceptions.</p>


Tangipahoa Parish Sheriff
 Management's Corrective Action Plan – Continued

<p>(Repeated from Prior Year)</p>	<ul style="list-style-type: none"> • The Tangipahoa Parish Sheriff's Office will review its current methodology of assigning citation books to determine what impact the implementation of the auditors recommendation(s) will have on other areas of the system. (law enforcement, judiciary and prosecution). • The present "software" is designed to support an office routine aligned for "court dates" not an alpha listing. The new software (once acquired and implemented) will allow for both alpha and numeric listings. • The Tangipahoa Parish Sheriff's Office will make every effort to ensure that the new software is compatible with the Office of the District Attorney and the Clerk of Court.
<p>05-20 Failure to Track Outstanding Receivables for Inmate Housing (Repeated from Prior Year)</p>	<p>The Tangipahoa Parish Sheriff's Office agrees with the Auditor's recommendation, and will begin the development of an accounts receivable tracking system which will ensure that monies due for inmate housing are being properly billed and accounted for.</p>
<p>05-21 Lack of Adequate Internal Controls over Decentralized Accounting Functions (Repeated from Prior Year)</p>	<p>TPSO agrees with the Auditor's recommendation. At present, due to the limited size of its facilities, implementation of this suggestion is not possible. However, it should be noted, that although this was noted in the prior year's audit, some advancement has been made in this area. The building to house the Sheriff's Office did begin renovation in March of 2005. Because of construction delays (as a result of Hurricane Katrina), the completion date of that work is currently unknown. Despite those delays, the Tangipahoa Parish Sheriff's Office will attempt to "network" all accounting functions and store the source journals, receipts, etc.. at a central location.</p>

SECTION 3. MANAGEMENT LETTER	
Finding Reference No.	Management's Corrective Action Plan
Account in Error	Tangipahoa Parish Sheriff's Office recognizes that there are still many problems that exists with the electronic transfer of funds to several accounts from the Federal Contractor disbursing these funds. The Sheriff's Office will continue to monitor all accounts and notify the Federal Contractor immediately of any corrections that are needed in order to avoid errors in fund deposits and transfers.

The foregoing table reflects the Management Corrective Action Plan for the Tangipahoa Parish Sheriff's Office submitted to the Auditor as part of the Audit Report for the Audit for FY Ending June 30, 2005.

TANGIPAHOA PARISH SHERIFF'S OFFICE, Auditee

By: 

Daniel Edwards, Sheriff

January 5, 2005

End