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Independent Accountant's Report On Applying Agreed-Upon Procedures

Mr. Billy Pearson
Director of Administration
City of Monroe, Louisiana

We have performed the procedures listed below, which were agreed to by the City of Monroe solely to assist you in evaluating the procedures placed into operation for the City of Monroe Sales Tax Department for the City of West Monroe sales tax collections. This agreed-upon procedure engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report.

Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

As of October 27, 2000, we performed or noted the following procedures:

For the period July 1, 1998 - June 30, 1999, we selected all businesses by our materiality calculations to check for inconsistencies in their sales tax payment history to the City of Monroe for the sales made within the City of West Monroe. Of these seventy-five businesses, thirteen had some type of inconsistent payment history. Eight of these vendors were located out of state and did not have any sales reported to the City of West Monroe during this period. Three vendors have sales to other parts of the Parish, other than the City of West Monroe, and for those months no payments were recorded. The remaining two vendors, which are the same company, have an ongoing situation with the City of Monroe to determine how much is to be paid during the period examined. The sales tax department does not know when this will be resolved.

We then tested twenty businesses that we knew were located in the West Monroe city limits for the same type of differences as noted in the previous paragraph. Of these twenty, three had inconsistencies in their payment history. Two vendor's sales tax returns were completed inaccurately which resulted in \$15,522 not being remitted to the City of West Monroe. The other vendor is located outside of the city limits and has sales in different zones, which caused some inconsistencies.

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 11-29-00

We also tested the City of Monroe Sales Tax Department collection system by randomly selecting twenty-five vendors and tracing their transactions through the City of Monroe's system to further test the current control procedures. There were no exceptions noted during this test.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the financial statements of the City of Monroe Sales Tax Department or its internal control. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the management of the City of Monroe, the City of West Monroe and the Legislative Auditor of the State of Louisiana and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
October 27, 2000

City of Monroe Sales Tax Department
Management's Corrective Action Plan
For the Period July 1, 1998 – June 30, 1999

Internal Control and Compliance Material to the Agreed-Upon Procedures

1. Input Errors by Sales Tax Employees

Recommendation: The sales tax department should monitor the number of times the override feature is used. This would help prevent credit errors and to ensure that the sales tax is properly credited to the City of West Monroe.

Action Taken: The sales tax department has installed software in their system that enables the supervisor to examine instances when the override feature is used. By doing this, the Sales Tax Department circumvents errors and eliminates problems with payments being credited to the wrong entity. However, this override feature will be disabled if the sales tax return is prepared by a company that posts sales in multiple columns because it does business in different areas of the Parish. The control feature is ineffective in these instances if input incorrectly by a clerk.

2. Long Term Problems with Vendors

Recommendation: The sales tax department should continue to work to solve ongoing issues from prior years with vendors.

Action Taken: The sales tax department is currently working to resolve any ongoing disputes with vendors who consistently file their returns incorrectly. The City of Monroe Sales Tax Department is also taking steps to simplify the filing process for vendors who have had problems filling out their returns in the past.