

**AGREED UPON PROCEDURES OF
CITY OF WEST MONROE SALES TAX**

For the Year Ended June 30, 2007

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. This report is available for public inspection at the auditor's home office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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**INDEPENDENT ACCOUNTANT'S REPORT
ON 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 procedures 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 this report.

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

As of April 2, 2002, we performed or tested the following procedures:

For the period July 1, 2000 – June 30, 2001, by our materiality calculations, we selected businesses to check for inconsistencies in their sales tax payment history to the City of Monroe for the sales made within the city limits of West Monroe. Of the sixty-four businesses tested, Lantovec had same type of inconsistent payment history. Two of the businesses had additional payments allocated in the next month's full payment. Two vendors were new and began operating within the period tested. Five vendors did not have payments posted in February, but were posted in March. One vendor had multiple delinquent filings, but all payments were received during the year reviewed. Of the remaining four vendors, all had a delinquent payment for various reasons, but all payments were received during the next month. The initial test did not result in any sales taxes being remitted incorrectly to the City of West Monroe or any other area.

We then tested twenty businesses that were known to be located in the West Monroe city limits for the same type of inconsistencies as noted in the previous paragraph. Of these twenty, seven had inconsistencies in their payment histories. One of the vendors had multiple delinquent filings that were paid, but did not make a payment for the month of July 2000. Five vendors had delinquent payments, but all payments were received during the year in review. One of the vendors was sold. This vendor led to a review of the Well Road area north of Interstate 20. It was found that three businesses in this area were paying sales taxes to the City of West Monroe due to the initial application being completed as the business being located within the West Monroe city limits, but are actually outside the city limits. For the year, these three business paid the City of West Monroe \$80,000 which should have been paid to the Parish.

We also tested the City of Monroe Sales Tax Department collection system by randomly selecting Permit-Tax accounts and tracing their transactions through the City of Monroe's system to further test the current control procedures. One exception was noted resulting in \$11 being owed to the Parish.

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 is not intended to be and should not be used by those who have not agreed to the procedures and takes responsibility for the sufficiency of the procedures for their purposes.

Carmon, Hines & Hunt (APAC)

West Monroe, Louisiana
April 2, 2002

**Agreed-Upon Procedures of City of West Monroe Sales Tax
Management Corrective Action Plan
For the Period July 1, 2008 to June 30, 2009**

Internal Control and Compliance Material to the Agreed-Upon Procedures

1. Inaccuracies in Sales Tax Remittances

Recommendation: The sales tax department should closely monitor the vendors that consistently file in error to ensure that the sales tax is properly credited to the correct municipality. The sales tax application addresses should also be verified to ensure that the vendors complete the sales tax returns correctly.

Action Taken: The sales tax department has installed software in their system that notifies management of inaccuracies that will prevent vendors that file in error consistently from being input incorrectly or credited to the wrong governmental entity. This software allows management to view material changes in reporting amounts to prevent errors. To help prevent errors that occur on a regular basis the Director monitors companies that habitually file in error. This system was put into place over the past year and has reduced the recurring error rate. The department has implemented additional checks to ensure that the Stirlington column is correctly reported. All returns with a Stirlington payment in excess of \$2,000 are copied and reviewed by the Director of the Sales Tax Department. This is a reliable check because amounts greater than \$2,000 are rarely remitted to Stirlington.

2. Late Sales Tax Payments

Recommendation: The sales tax department should continue to encourage timely filing and payment by City of West Monroe vendors required to remit sales tax. The department should also monitor delinquent accounts more closely to ensure that each return is filed.

Action Taken: The sales tax department sends out notices to all vendors who are late, which include penalty notices. The sales tax department sends two letters a month to the habitually late filers. The department then either calls or sends someone to the business if there has been no response. This action often leads to no audit by the Sales Tax Department. The department is taking steps to work more closely with vendors that remain delinquent.

3. Incorrect Sales Tax Applications

Recommendation: The sales tax department processes information based on the initial applications that are received. Vendors that are located in Ouachita Parish or in the city limits of West Monroe have the same zip codes and the sales tax department has no way of differentiation. The vendor may assume that they are in the city limits and apply for an occupational license for the City of West Monroe. The errors in the applications to the sales tax department could be reduced by a check of the address when the occupational license is applied for. If a business is outside the city limits, they should be referred to the Parish for licensing.

**Agreed Upon Procedures of City of West Monroe Sales Tax
Management Committee Action Plan
For the Period July 1, 2020 – June 30, 2021**

Internal Control and Compliance Material to the Agreed Upon Procedures (Continued)

3. Incorrect Sales Tax Applications (Continued)

Action Taken: The city of West Monroe is taking steps to check the status of businesses filing for occupational licenses to determine if the address is inside the city limits of West Monroe or the Parish.