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LEGISLATIVE AUDITOR

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February 9, 2005

Honorable Judge Perrell Fuselier
City Court of Oakdale
P.O. Box 565
Oakdale, LA 71463

We performed a limited review of the financial records of the City Court of Oakdale (Court) for the period beginning January 1, 1999, and ending October 31, 2004. We also reviewed the Court's policies and procedures and administered our *Checklist of Best Practices in Government*. The scope of our work was significantly less than that required by *Government Auditing Standards* in the audit of the Court's financial statements; therefore, we are not offering an opinion on the Court's financial statements, the Court's system of internal control, nor assurance as to compliance with laws and regulations.

As part of our review, we noted certain matters that we want to bring to the attention of the Court for consideration. We offer the following comments and suggestions:

Fines and Court Costs

Louisiana law¹ requires that the Court remit all collected fines and forfeitures to the City or Parish as appropriate. Louisiana law² also requires the City and Parish, in proportionate share, to provide for the general operating expenses incurred by the Court.

Judge Fuselier took office in January 1991 and by 1996 had become dissatisfied with the City's handling of the Court's expenses. Therefore, the Court began paying its own expenses by withholding 50% of all fines that should have been remitted to the City or the Parish. During the period January 1999 through October 2004, the Court collected \$373,893 in fines and improperly withheld \$186,334 of that total as follows:

Year	1999	2000	2001	2002	2003	2004*	Totals
Fines Collected	\$55,272	\$58,353	\$61,811	\$60,510	\$88,785	\$49,162	\$373,893
Fines Withheld	\$26,399	\$28,175	\$31,444	\$30,868	\$44,713	\$24,735	\$186,334

* Figures only include collections during the period January 1, 2004, through October 31, 2004.

¹ La. R.S. 13:1898 states, in part, that except as otherwise provided by special law and in Subsection B thereof, the clerk of the city court or the marshal, as designated by the judge, shall collect all fines, forfeitures, penalties, and costs, and all funds so collected by them, excluding costs, shall be paid into the city treasury when the prosecution is on behalf of the city and into the parish treasury to be deposited in the parish general fund and used as a general expenditure of said parish when the prosecution is on behalf of the state or parish.

² La. R.S. 13:1889 states, in part, that the expenses of operation and maintenance of the court room and offices shall be borne by the city or may be apportioned between the city and parish as the respective governing authorities may determine.

The Court should have remitted additional fines totaling \$156,521 (approximately 84% of the fines retained) to the City and additional fines totaling \$29,813 (approximately 16% of the fines retained) to the Parish. On November 1, 2004, the Court began remitting all collected fines to the City and Parish.

In addition, during the period January 1999 through October 2004, the Court collected \$262,755 in court costs. These funds should be used by the Court to pay nonoperating expenses--expenses not paid by the City or the Parish. The Court, however, used withheld fines and court costs to pay expenses, some of which should have been paid by the City or Parish.

We recommend that the Court continue to abide by Louisiana law by remitting all fines collected to the City and Parish. We also recommend that the Court, the City, and *the Parish determine the amount, if any, the Court owes for not properly remitting fines.* Furthermore, we recommend that the Court, working in conjunction with the City and Parish, establish policies and procedures for payment of expenses in accordance with Louisiana law. These policies and procedures should clearly delineate what expenses will be paid by the Court and those that will be paid by the City and Parish.

Families in Need of Services

From 1995 until 1999, the Court administered the Families in Need of Services program for the District Court. During this period, funding for the program was administered by the Department of Social Services. In 1999, the District Court took over the program and the Louisiana Supreme Court became the funding administrator.

After the program was transferred to District Court, the Court continued to maintain a bank account that now has a balance of over \$60,000. The Court currently does not have a plan for the disposition of these funds.

According to Ms. Debbie Johnson, Director of Financial Management for the Office of Community Services (OCS), the Court should return the money to OCS who will return it to the state treasury.

Lack of Policies and Procedures

The Court does not have written policies and procedures in the following areas:

- a. **Disbursements:** Written procedures are necessary to provide a clear understanding of what should be done, how it should be done, who should do it, and when it should be done and that the procedures followed meet management's expectations. The Court should develop procedures to ensure that funds are disbursed in a manner consistent with expectations and to ensure that disbursements are for the benefit of the Court. This policy should provide for adequate documentation to support the business purpose of each disbursement.
- b. **Travel:** A travel policy should be developed that details who may approve travel; includes rates of reimbursement for food, lodging, and mileage; and explains when original receipts are required. In addition, a standard form should be developed that lists the purpose of the trip and the costs of the travel. This form should also require the traveler's signature and the approver's signature.
- c. **Records:** The Court does not have a formal records retention schedule but does maintain records, as required by law, for at least three prior years. The Court should develop a records retention schedule and seek approval from the Louisiana Secretary of State.
- d. **Inventories:** The Court should adopt a written policy containing procedures that provide for accurate accountability of inventory. This policy should include detailed procedures for using purchase and work orders to maintain a current inventory list. In addition, periodic physical inventory counts should be conducted to ensure accuracy of inventory.
- e. **Information Systems:** The Court does not have a written backup contingency and recovery plan in the event of a disaster. The Court should develop a contingency and recovery plan and store backup copies of all electronic files offsite or in a fire proof filing cabinet. The Court should also periodically test its contingency and recovery plan.

Honorable Judge Perrell Fuselier
City Court of Oakdale
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I trust that this information will assist you in the efficient and effective operations of the Court. Should you have any questions, please contact me at (225) 339-3839 or Mr. Daryl Purpera at (225) 339-3807.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve J. Theriot", with a long horizontal flourish extending to the right.

Steve J. Theriot, CPA
Legislative Auditor

VT:JM:DGP:dl

OAKDALECC05

CITY COURT OF OAKDALE

P.O. BOX 565

OAKDALE, LOUISIANA 71463

(318) 335-1121 FAX (318) 335-4049

PERRELL FUSELIER
Judge**DELORA LOVEJOY**
Clerk of Court/Judicial Administrator**DONALD DOYLE, SR.**
Ward Marshal

January 31, 2005

Mr. Steve J. Theriot, CPA
Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397**VIA FAX***Dear Mr. Theriot:*

Thank you for giving me the opportunity to respond to your report rendered this week following the limited review of the financial records of the City Court of Oakdale for the period beginning January 1, 1999, and ending October 31, 2004. My comments are as follows:

1. Your auditors were courteous and professional in the performance of their duties.
2. I appreciate the fact that your auditors had no "findings". Instead they rendered a report merely containing "comments and suggestions". It is my understanding from your auditors, that this is the mildest form of report rendered by your office. While I do appreciate the mild tone and contents of the report, I wish your auditors had included a statement regarding "fines and court cost" clearly declaring that "**all funds were accounted for**".
3. I appreciate your auditors pointing out that while Louisiana Law requires Courts to remit collected fines and forfeitures to the City (or Parish as appropriate), Louisiana Law (R.S. 13:1889) also states:

"....the expenses of operation and maintenance of the courtroom and offices shall be borne by the city, or may be apportioned between the city

and parish as the respective governing authorities may determine." (emphasis provided)

As you point out in your report, on November 1, 2004, the court began remitting all collected fines to the City and Parish. As you also know, since November 1, 2004, the Court has been submitting its expenses of **operation and maintenance of the courtroom and offices** to the City with a request for payment. Unfortunately, the City has not cooperated very well. Instead the City has either (1) refused to pay or (2) paid only a portion, or (3) paid late and reluctantly. This problem is still on-going and it is headed toward litigation between the City Court and the City of Oakdale. Nevertheless, the court will continue remitting collected fines and forfeitures to the City in accordance with Louisiana Law and in accordance with your recommendation contained in your report.

4. In your report regarding "Families in Need of Services" you correctly point out that Oakdale City Court administered that program and its funds for the District Court from 1995 until 1999. When the Louisiana Supreme Court became the Administrator of funding for the FINS program, the District Court was provided separate funding, and the remaining funds under the administration of Oakdale City Court were invested in safe investments, such as government bonds. The original amount was approximately \$50,000.00, and as of January, 2005, the amount had grown to \$62,704.38. I, as Oakdale City Judge, sought guidance from Louisiana Supreme Court personnel regarding the handling of these invested funds. It was unclear precisely what should be done, so the funds remained invested and they grew, and Oakdale City Court did not spend any of that money. Shortly before Christmas, a letter was received from the Office of the Judicial Administrator, directing Oakdale City Court to send all said FINS money to the State of Louisiana Judicial Branch. The invested accounts were then closed, and Edward Jones sent a check to Oakdale City Court, which was received on January 25, 2005, in the sum of \$62,704.38. A check from Oakdale City Court made payable to the State of Louisiana Judicial Branch in the sum of \$62,704.38 was mailed on January 28, 2005, in accordance with the instructions from the Office of the Judicial Administrator.
5. In the section of your report entitled "Lack of Policies and Procedures" the reports states: The Court does not have written policies and procedures in the following areas: (a) Disbursements; (b) Travel; (c) Records; (d) Inventories; and (e) Information Systems. Although the Court does have standard policies and procedures in these areas, it is true we have not prepared a written Policies and Procedures Manual clearly stating these policies and procedures. As a result of the comments

and suggestions contained in your report, we are undertaking the task of preparing a written Policy and Procedures Manual which will address Disbursements, Travel, Records, Inventories, and Information Systems as you suggest.

6. I assure you that your comments and suggestions contained in your report will be used to assist me in the efficient and effective operations of the Oakdale City Court.

Sincerely,

A handwritten signature in black ink, appearing to read "Perrell Fuselier". The signature is written in a cursive, flowing style.

Perrell Fuselier
Judge

PF:dl