

CITY OF NEW ORLEANS

CASH BOND FUND OF THE TRAFFIC COURTS

FOR THE PERIOD JANUARY 1, 2007 THROUGH DECEMBER 31, 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. 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 9/3/08

PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants
Management Consultants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To The Traffic Court Judges
City of New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by the City of New Orleans Traffic Court (hereafter "the Court"), solely to assist the Court with respect to the accounting records of the Cash Bonds Fund of the City of New Orleans Traffic Courts for the period January 1, 2007 through December 31, 2007. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

Procedure 1.

Meet with management of the Court to review and document the current internal control environment. Interview key employees and complete Internal Control Questionnaires from the Practitioners Publishing Corporation for the following area:

Electronic Data Processing.

Findings

We noted no exceptions.

Procedure 2.

Review documentation provided by the Court to support the year-end cash balances for the year ended December 31, 2007.

Findings

For the year ended December 31, 2007, the Court had three active cash bond accounts at Dryades Bank and Liberty Bank. The balances for the bank accounts do not correlate with the active bond amount balance listed in the Court's A/S 400

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case operating system. Furthermore, neither the bank balance nor the Court's A/S 400 case operating system balance equals the Court's QuickBooks accounting system. In reviewing the court documentation provided, it appears that the bank account and court accounting system have not been in agreement since the year ending December 1998. (The new accounting software system was not implemented until January 2006.)

Procedure 3.

Obtain copies of bank statements and canceled checks from January 1, 2007 through December 31, 2007.

Findings

We noted no exceptions.

Procedure 4.

Review the accounting process and documentation used to support the financial information reported to the City of New Orleans for inclusion in its Comprehensive Annual Financial Report. This review will include revenues and disbursements of the Cash Bond Account. We will select a representative sample of bond receipts and refunds. Each item selected will then be vouched to supporting documentation. Procedures will include reviewing each item for adequate documentation, propriety and compliance with the City of New Orleans Code of Ordinances. The sample, for purposes of establishing a scope for these procedures, will not exceed seventy-five (75) receipts and seventy-five (75) disbursements, for a maximum total of one hundred and fifty (150) selections.

Findings

A review of the Comprehensive Annual Financial Report of the City of New Orleans for the year 2006, we cannot determine if the financial information regarding the Court's Cash Bond account for the year 2006 has not been included in the Comprehensive Annual Financial Report for the City of New Orleans. There was not an available Comprehensive Annual Financial Report of the City of New Orleans for the year ending 2007; consequently, we could not perform this procedure for the current year.

From a review of sampled transactions, we noted no exceptions in regards to accounting for cash bond receipts and/or disbursements.

Procedure 5.

Select fifty (50) cases with final disposition from a list of cases maintained in the courts electronic database. Review each case from inception until fine is paid (or bond refunded). Examine each case to determine if the correct procedures (i.e. fines, fine amounts, etc.) have been applied to each case as it relates to the Cash Bond Fund.

Findings

We noted no exceptions.

Procedure 6.

Perform analytical procedures on the Court's Cash Bond Fund for the period January 1, 2007 through December 31, 2007.

Findings

We noted no exceptions.

Procedure 7.

Research and review any revenue source derived from an outside agency (i.e. outside collections, bonding companies, bond forfeitures).

Findings

We noted no exceptions.

Procedure 8.

Review the outstanding bonds list from the Court's Cash Bonds Fund. Select a sample and from the sample, investigate any bonds outstanding as of December 31, 2007 that appear to have been outstanding for an extensive period of time. Determine the correct disposition of the bond as of the date of the procedures.

Findings

According to the New Orleans City Code, Cash bonds should be forfeited one year and one day after final disposition of the case has been determined. Under state law, cash bonds should be forfeited after a two year period. Because of Hurricane Katrina, the cash bond clerk has extended the period by six months for a defendant to claim his/her bond from the court. To perform this procedure, we obtained the list of outstanding bonds through December 31, 2007, selected a sample to review, and examined selected transactions electronically. From our examination, we conclude that the court has a substantial number of cash bonds, which date back as far as 1998, with final dispositions that should be forfeited and remitted to the Court's Judicial Expense Fund. The court has started the updating its cash bond forfeitures and this process was on-going as of the date of this report.

Procedure 9.

Prepare a written report of assets, liabilities, and fund balance from January 1, 2007 through December 31, 2007.

Findings

The Court is in the process of reconciling financial information which would bring the

Court's A/S 400 case operating system, financial accounting system, and bank accounts into agreement. Since the reconciliation process is still ongoing as of the date of this report, we will not provide a written report of assets, liabilities, and fund balance from January 1, 2007 through December 31, 2007 in this report.

Procedure 10.

Submit six (6) copies of the final report.

Findings

We noted no exceptions. We will review the report with and submit copies to the judicial administrator's office of the Court, judges of the Court, and the Louisiana Legislative Auditors office.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. 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 information and use of the specified users 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.

Paulet, Meunier and Le Blanc, L.L.P.

Metairie, Louisiana
June 20, 2008



State of Louisiana
City of New Orleans
Traffic Court



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LOUIS W. IVON
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DIVISION "D"

**TRAFFIC COURT OF NEW ORLEANS
CORRECTIVE ACTION PLAN
FOR THE CASH BOND FUND**

In response to the recent findings listed in Paillet Meunier & LeBlanc's independent accountant's report, the Traffic Court of New Orleans (hereafter "the court") has taken actions to correct court operations as it relates to the Cash Bond fund. Listed below are the findings detailed by Paillet Meunier & LeBlanc and the corresponding action implemented by the court.

Finding

For the year ended December 31, 2007, the Court had three active cash bond accounts at Dryades Bank and Liberty Bank. The balances for the bank accounts do not correlate with the active bond amount balance listed in the Court's A/S 400 case operating system. Furthermore, neither the bank balance nor the Court's A/S 400 case operating system balance equals the Court's accounting system. In reviewing the court documentation, provided, it appears that the bank account and court accounting system have not been in agreement since the year ending December 1998. (The new accounting software system was not implemented until January 2006.)

Corrective Action

Prior to Hurricane Katrina, the court maintained cash bonds receipts/disbursements in hand written ledgers. These ledgers were not maintained or updated through the computer system. Subsequent to Hurricane Katrina, the court hired the bookkeeping firm of Nash Accounting and Tax Service to computerize the court's accounting system by implementing Quickbooks software to maintain the receipt/disbursement of cash bonds. Implementing a computerized accounting system has allowed the cash bond clerk to electronically reconcile the court's Quickbooks system to the cash bond bank accounts. As of December 31, 2007, the process of reconciling the Court's Quickbooks system, A/S 400 system, and cash bond bank accounts is still on-going.

Finding

From a review of the Comprehensive Annual Financial Report (CAFR) of the City of New Orleans for the year 2006, we could not determine if the financial information regarding the

Traffic Court's Escrow Fund account for the year of 2006 has been included in the Comprehensive Annual Financial Report for the City of New Orleans. There was not an available Comprehensive Annual Financial Report of the City of New Orleans for the year ending 2007; consequently, we could not perform this procedure for the current year.

Corrective Action

Court officials will contact the City Officials to inform them that no information regarding Traffic Court funds could be determined from the CAFR.

Finding

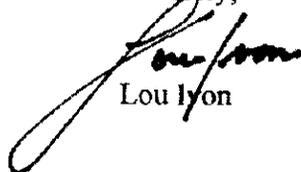
Under the New Orleans City Code Section 50-100, cash bonds should be forfeited one year and one day after final disposition of the case has been determined.

Corrective Action

The court employed the services of Nash Accounting and Tax Service to research all outstanding bonds and forfeit all bonds whose disposition date was two years prior to December 31, 2006. Due to Hurricane Katrina, court management decided it would allow a one-year grace period and forfeit bonds when the final disposition was two years prior to year-end. As these periods come to an end, the bookkeeping firm of Nash Accounting and Tax Services assists the court in forfeiting the bonds and remitting funds to the Court's Judicial Expense Fund.

The above actions were implemented and being carried out by court personnel daily. For services where the court management feels court personnel cannot perform the services, then action was/are taken for services to be provided. This action may result in the hiring of outside consultants to perform or train court personnel for services. If there are any questions, please feel free to call Lou Ivon at 504-658-9393.

Sincerely,



Lou Ivon