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**EAST BATON ROUGE PARISH  
JUVENILE COURT**

**BATON ROUGE, LOUISIANA**

**DECEMBER 31, 2000**

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 8-1-01

**L.A. CHAMPAGNE & CO., L.L.P.**

CERTIFIED PUBLIC ACCOUNTANTS  
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## INDEPENDENT AUDITOR'S REPORT

Honorable Judges of the  
*East Baton Rouge Parish Juvenile Court*

We were engaged to audit the accompanying general purpose financial statements of the East Baton Rouge Parish Juvenile Court, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, as of December 31, 2000, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the East Baton Rouge Parish Juvenile Court's management.

We were unable to obtain adequate accounting records and documentation to support the liabilities and expenditures related to the Drug Court Treatment Program, nor were we able to satisfy ourselves as to those financial activities by other auditing procedures. Those financial activities are included in the general fund and represent 33% of the fund's expenditures.

Since we did not audit the liabilities and expenditures of the Drug Court Treatment Program referred to above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the general purpose financial statements referred to in the first paragraph.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2001, on our consideration of the East Baton Rouge Parish Juvenile Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of our engagement to perform an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report.

  
June 26, 2001

**EAST BATON ROUGE PARISH JUVENILE COURT  
COMBINED BALANCE SHEET -  
ALL FUND TYPES AND ACCOUNT GROUPS**

December 31, 2000

	Governmental Fund Type		Fiduciary Fund Type		Account Group			Totals (Memorandum only)
	General	Special Revenue	Agency	General	Fixed Assets	Long-Term Debt		
<b>ASSETS</b>								
Cash	\$ 251,246	\$ 45,192	\$ 31,795	\$ -	\$ -	\$ -	\$ -	\$ 328,233
Receivables:								
Intergovernmental:								
City-Parish	18,796	-	-	-	-	-	-	18,796
Juvenile Court - Judicial Expense Fund	894	-	-	-	-	-	-	894
Louisiana Office of Addictive Disorders	-	-	-	-	-	-	-	-
Louisiana Commission on Law	-	-	-	-	-	-	-	-
Enforcement	25,421	-	-	-	-	-	-	25,421
Louisiana Department of Social Services	31,506	-	-	-	-	-	-	31,506
Other	7,629	-	-	-	-	-	-	7,629
Due from other funds	50	207	-	-	-	-	-	257
Fixed assets	-	-	-	-	372,333	-	-	372,333
Other debits:								
Amounts to be provided for retirement of long-term debt	-	-	-	-	-	126,119	-	126,119
Total assets and other debits	\$ 335,542	\$ 45,399	\$ 31,795	\$ -	\$ 372,333	\$ 126,119	\$ -	\$ 911,188

Continued

	Governmental Fund Type		Fiduciary Fund Type		Account Group			Totals (Memorandum only)
	General	Special Revenue	Agency	General	Fixed Assets	Long-Term Debt		
<b>LIABILITIES AND FUND EQUITY</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable	\$ 3,304	\$ -	\$ 2,758	\$ -	\$ -	\$ -	\$ 6,062	
Bail bond deposits	-	-	26,375	-	-	-	26,375	
Due to other governmental agencies	25,390	-	2,455	-	-	-	27,845	
Due to other funds	-	50	207	-	-	-	257	
Accrued salaries and related expenses	-	-	-	-	-	-	-	
<b>LONG-TERM LIABILITIES</b>								
Accrued compensated absences	-	-	-	-	126,119	-	126,119	
Total liabilities	<u>28,694</u>	<u>50</u>	<u>31,795</u>	<u>-</u>	<u>126,119</u>	<u>-</u>	<u>186,658</u>	
<b>FUND EQUITY</b>								
Investment in general fixed assets	-	-	-	-	372,333	-	372,333	
Fund balances:								
Reserved for reparations to crime victims	-	45,349	-	-	-	-	45,349	
Unreserved-undesignated	<u>306,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>306,848</u>	
Total fund equity	<u>306,848</u>	<u>45,349</u>	<u>-</u>	<u>-</u>	<u>372,333</u>	<u>-</u>	<u>724,530</u>	
Total liabilities and fund equity	<u>\$ 335,542</u>	<u>\$ 45,399</u>	<u>\$ 31,795</u>	<u>\$ 372,333</u>	<u>\$ 126,119</u>	<u>\$ 911,188</u>		

See accompanying notes

**EAST BATON ROUGE PARISH JUVENILE COURT  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL FUND TYPES**

*For the year ended December 31, 2000*

	<u>Governmental Fund Type</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum only)</u>
<b>REVENUES</b>			
Intergovernmental:			
Grants:			
United States Department of Justice	\$ 124,710	\$ -	\$ 124,710
Louisiana Office of Addictive Disorders	84,660	-	84,660
Louisiana State Supreme Court	59,020	-	59,020
Louisiana Commission on Law Enforcement	45,820	-	45,820
Non-support fees	387,356	-	387,356
Juvenile traffic/crime fines	1,789	5,700	7,489
Interest	12,423	2,593	15,016
Miscellaneous	36	-	36
Total revenues	<u>715,814</u>	<u>8,293</u>	<u>724,107</u>
<b>EXPENDITURES</b>			
Juvenile Court:			
Current:			
Court operations:			
Salaries and benefits	5,474	-	5,474
Professional services	39,522	-	39,522
Computer supplies	18,182	-	18,182
Office supplies	15,307	-	15,307
Travel	1,222	-	1,222
Miscellaneous	7,105	-	7,105
Drug Court Treatment Program:			
Salaries and benefits	128,411	-	128,411
Retirement	1,795	-	1,795
Professional services	34,645	-	34,645
Computer supplies	1,191	-	1,191
Office supplies	15,134	-	15,134
Travel	11,620	-	11,620
Occupancy	12,592	-	12,592
Miscellaneous	11,644	-	11,644

*Continued*

	Governmental Fund Type		Totals
	General	Special Revenue	(Memorandum only)
Non-support program:			
Salaries and benefits	\$ 233,012	\$ -	\$ 233,012
Retirement	18,710	-	18,710
Professional services	5,597	-	5,597
Computer supplies	821	-	821
Office supplies	6,936	-	6,936
Telephone	3,873	-	3,873
Bank service charges	1,978	-	1,978
Travel	6,420	-	6,420
Miscellaneous	1,711	-	1,711
FINSAP program	59,020	-	59,020
Reparations to crime victims	-	4,952	4,952
Total current	<u>641,922</u>	<u>4,952</u>	<u>646,874</u>
Capital outlay:			
Computer equipment	15,543	-	15,543
Office equipment	2,063	-	2,063
Furniture and fixtures	2,788	-	2,788
Total capital outlay	<u>20,394</u>	<u>-</u>	<u>20,394</u>
Total expenditures	<u>662,316</u>	<u>4,952</u>	<u>667,268</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	53,498	3,341	56,839
Fund balance - beginning of year	<u>253,350</u>	<u>42,008</u>	<u>295,358</u>
Fund balance - end of year	<u>\$ 306,848</u>	<u>\$ 45,349</u>	<u>\$ 352,197</u>

See accompanying notes

**EAST BATON ROUGE PARISH JUVENILE COURT  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES**

*For the year ended December 31, 2000*

	General Fund		Special Revenue Fund		Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
<b>REVENUES</b>					
Intergovernmental:					
Grants:					
United States Department of Justice	\$134,910	\$124,710	\$	\$	-
Louisiana Office of Addictive Disorders	53,852	84,660			-
Louisiana State Supreme Court	59,020	59,020			-
Louisiana Commission on Law Enforcement	46,487	45,820			-
Non-support fees	387,750	387,356			-
Juvenile traffic/crime fines	1,885	1,789	6,250	5,700	(550)
Interest	9,850	12,423	2,420	2,593	173
Miscellaneous	-	36			-
Total revenues	<u>693,754</u>	<u>715,814</u>	<u>8,670</u>	<u>8,293</u>	<u>(377)</u>
<b>EXPENDITURES</b>					
Current:					
Court operations:					
Salaries and benefits	5,640	5,474			166
Retirement	-	-			-
Professional services	39,500	39,522			(22)
Computer supplies	21,920	18,182			3,738

*Continued*

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Office supplies	\$ 15,880	\$ 15,307	\$ 573	\$ -	\$ -	-
Travel	925	1,222	(297)	-	-	-
Miscellaneous	5,440	7,105	(1,665)	-	-	-
Drug Court Treatment Program:						
Salaries and benefits	138,225	128,411	9,814	-	-	-
Retirement	6,540	1,795	4,745	-	-	-
Professional services	41,360	34,645	6,715	-	-	-
Computer supplies	1,190	1,191	(1)	-	-	-
Office supplies	18,785	15,134	3,651	-	-	-
Travel	16,200	11,620	4,580	-	-	-
Occupancy	12,240	12,592	(352)	-	-	-
Miscellaneous	2,750	11,644	(8,894)	-	-	-
Non-support program:						
Salaries and benefits	242,245	233,012	9,233	-	-	-
Retirement	18,750	18,710	40	-	-	-
Professional services	5,920	5,597	323	-	-	-
Computer supplies	820	821	(1)	-	-	-
Office supplies	8,540	6,936	1,604	-	-	-
Telephone	4,000	3,873	127	-	-	-
Bank service charges	2,000	1,978	22	-	-	-
Travel	6,850	6,420	430	-	-	-
Miscellaneous	160	1,711	(1,551)	-	-	-
FINSAP program	59,020	59,020	-	-	-	-
Reparations to crime victims	-	-	-	4,950	4,952	(2)
Total current	674,900	641,922	32,978	4,950	4,952	(2)

Continued

	General Fund		Variance - Favorable (Unfavorable)	Special Revenue Fund		Variance - Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
Capital outlay:						
Computer equipment	\$ 25,200	\$ 15,543	\$ 9,657	\$ -	\$ -	-
Office equipment	2,350	2,063	287	-	-	-
Furniture and fixtures	3,560	2,788	772	-	-	-
Total capital outlay	31,110	20,394	10,716	-	-	-
Total expenditures	706,010	662,316	43,694	4,950	4,952	(2)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (12,256)</b>	<b>53,498</b>	<b>\$ 65,754</b>	<b>\$ 3,720</b>	<b>3,341</b>	<b>\$ (379)</b>
Fund balances - beginning of year		253,350			42,008	
Fund balances - end of year		<u>\$306,848</u>			<u>\$45,349</u>	

See accompanying notes

# EAST BATON ROUGE PARISH JUVENILE COURT NOTES TO FINANCIAL STATEMENTS

*December 31, 2000*

## **A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The East Baton Rouge Parish Juvenile Court was established by a 1990 legislative act and is provided for under Louisiana Revised Statutes Sections 13:1621 through 13:1630. The Juvenile Court has jurisdiction regarding the interest of children alleged to be delinquent, abandoned, neglected, or otherwise in need of supervision or care.

The Court also carries on certain ancillary activities including those related to the expedited process for establishment and enforcement of child support obligations under RS 46:2365, the maintenance of a victim of juvenile crime compensation fund under RS 13:1561, the maintenance of a court registry for appearance bond deposits under Article 825 of the Louisiana Children Code, and the operation of a drug treatment program under the Juvenile Drug Court.

### *Financial reporting entity*

As the governing authority of the consolidated government for reporting purposes, the City of Baton Rouge, Parish of East Baton Rouge (City-Parish) is the financial reporting entity for the consolidated government. The financial reporting entity consists of (a) a primary government (City-Parish), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14, *The Reporting Entity*, established criteria for determining which component units should be considered part of the City of Baton Rouge, Parish of East Baton Rouge for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the primary government to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
2. Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The operations of the juvenile court system is fiscally dependent on the City-Parish for office space and courtrooms. The substance of the relationship between the juvenile court system and the City-Parish is that the City-Parish has approval authority over its operating and capital budget. Additionally, the nature and significance of the relationship between the juvenile court and the City-Parish is such that exclusion from the City-Parish's financial statements would render the financial statements incomplete or misleading. Because of these factors, the juvenile court was determined to be a component unit of the City of Baton Rouge, Parish of East Baton Rouge, the financial reporting entity. The accompanying financial statements present information only on the East Baton Rouge Parish Juvenile Court as noted below and do not present any other information on the City-Parish, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Only the financial transactions resulting from certain ancillary activities of the Court not accounted for by the governing authority of the Parish of East Baton Rouge including those related to the expedited process for establishment and enforcement of child support obligations under RS 46:2365, the maintenance of a victim of juvenile crime compensation fund under RS 13:1561, the maintenance of a court registry for appearance bond deposits under Article 825 of the Louisiana Children Code, the operation of a drug treatment program, and the carrying out of other programs related to the administration of juvenile justice are reported in these financial statements.

*Basis of presentation*

The accompanying general purpose financial statements of the East Baton Rouge Parish Juvenile Court have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounts of the Court are organized on the basis of funds and account groups, each of which is a separate accounting entity. Funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures or expenses as appropriate. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate "fund types."

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental funds are used to account for general activities, including the collection and disbursement of earmarked monies (special revenue funds). The funds of the Court are described as follows:

The general fund is used to account for all activities of the Court not accounted for in some other fund particularly the operations related to enforcement of child support obligations and the operation of a drug treatment program.

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, particularly the activities of the victims of juvenile crime compensation fund.

Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is used to account for assets held by the Court as an agent for individuals and other organizations.

*Basis of accounting*

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The operating statement of these funds presents increases and decreases in net current assets.

The Court's governmental and agency funds are maintained on the modified accrual basis of accounting wherein revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

The fees for processing support payments are recognized in the period the payments are received, and fines are recognized when collected.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenues until earned.

Transfers between funds which are not expected to be repaid are accounted for as other financing sources (-)uses.

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Budgets and budgetary accounting*

The East Baton Rouge Parish Juvenile Court follows these procedures in establishing the budgetary data reflected in the financial statements with regard to the general fund and special revenue funds:

- (1) In accordance with the Municipal Budget Act of the state of Louisiana, an operating budget is prepared for the general and special revenue funds at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- (2) The budget is available for public inspection at least fifteen days prior to the beginning of the fiscal year.
- (3) The budget is adopted after consideration of public comment, if any, and authorized for implementation on the first day of the fiscal year.
- (4) The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).
- (5) The budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by character (personal services, group benefits, supplies, contractual services and capital outlay). Total expenditures constitute the legal level of control. Expenditures may not exceed the sum of appropriations plus the unreserved prior year fund balance. The budget may be revised during the year as estimates regarding revenues and expenditures change.
- (6) Appropriations lapse at the end of each fiscal year.

*Fixed assets*

Fixed assets are recorded as expenditures when acquired in the fund used to acquire them. The related assets are reported in the general fixed asset account group. All fixed assets are valued at historical cost and no depreciation is charged against them. Fixed assets reported herein include only those assets purchased by the Court, and do not reflect assets of the court obtained from other sources.

*Long-term debt*

Long-term liabilities including those for compensated absences financed from governmental funds are accounted for in the general long-term debt account group.

*Encumbrances*

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting (under which purchase orders, contracts, and other commitments for expenditures of resources are recorded to reserve that portion of the applicable appropriation) is not utilized by the Court. Encumbrances at year end, even if utilized, would not be considered expenditures in the financial statements presented on the GAAP basis. However, encumbrances

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

would be considered part of the budgetary process and would be included in actual expenditures when a comparison with budget is necessary.

*Compensated absences*

*Annual vacation leave accrues on a scale related to an employee's length of service. Annual leave may accumulate up to the number of days which can be earned during the five most recent years of employment limited to a maximum total accumulation of one hundred twenty (120) days. Annual leave is payable for actual vacation days and accumulations are payable upon termination, retirement or death.*

Certain employees may accrue compensatory time in lieu of overtime payment for up to thirty (30) days. The compensatory leave is payable upon termination, retirement or death.

Sick leave accrues on the same basis as does annual vacation leave and may accumulate without limit. However sick leave is payable only upon absence from work for designated medical reasons. Accumulated sick leave is non-compensable.

In accordance with GASB Statement No. 16, which requires the accrual for vacation leave and compensatory time to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement, the Court has recorded a liability as of December 31, 2000 for 100% of the accrued vacation for each employee up to a maximum of 120 days and accrued compensatory time up to a maximum of 30 days at the employee's current rate of pay. Additionally, applicable percentages of retirement contribution, social security, and Medicare have been added to the above accruals.

GASB Statement No. 16 requires the accrual for accumulated sick leave only if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement. Since accumulated sick leave is not compensable in any case, no amount has been accrued.

The amounts shown for fiscal year 2000 in the accompanying financial statements for accrued compensated absences represent a liability of the Court for all its employees except the judges and hearing officer because such compensation in excess of the City-Parish annual budget allowance would be paid out of Court funds. Management has determined that payments for accrued compensated absences will likely be paid from future years' resources; and, therefore, are reported in the general long-term debt account group.

*Memorandum only - total columns*

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position and results of operations in conformity with generally accepted accounting principles nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**B: CASH**

Cash includes amounts held in demand deposit accounts. Under state law, the Court may deposit funds in interest-bearing or non-interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At December 31, 2000, the Court had cash (book balances) as follows:

Interest-bearing demand deposits	\$ 268,494
Other demand deposits	59,439
Cash on hand	300

As required under GASB 3, the Court's cash deposits are categorized to give an indication of the level of risk assumed by the Court at year end. Category 1 includes deposits that are insured or registered, or otherwise secured by securities held by the Court or its agent in the Court's name. Category 2 includes uninsured and unregistered deposits secured with securities held by the financial institution, its trust department or agent in the Court's name. Category 3 includes uninsured and unregistered deposits secured with securities held by the financial institution, its trust department or agent, but not in the Court's name. At December 31, 2000, the bank balance of cash deposits are categorized as follows:

	Category			Bank Balance
	1	2	3	
Cash in bank	\$ <u>100,000</u>	\$ <u>-</u>	\$ <u>280,576</u>	\$ <u>380,576</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 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 court that the fiscal agent has failed to pay deposited funds upon demand.

**C: FIXED ASSETS**

A summary of changes to fixed assets for the year ended December 31, 2000 is as follows:

	Computer	Office	Furniture	Total
	Equipment	Equipment	and Fixtures	
Balance, beginning of year	\$ 318,217	\$ 23,997	\$ 30,436	\$ 372,650
Additions	15,543	2,063	2,788	20,394
Deletions	(20,711)	-	-	(20,711)
Balance, end of year	\$ <u>313,049</u>	\$ <u>26,060</u>	\$ <u>33,224</u>	\$ <u>372,333</u>

**D: INTERFUND TRANSACTIONS**

The following is a summary of amounts due from and due to other funds at December 31, 2000:

	<u>Due from</u>	<u>Due to</u>
General fund		
Special revenue fund	\$ 50	\$ -
Special revenue fund		
General fund	-	50
Agency fund	207	-
Agency fund		
Special revenue fund	-	207
	<u>\$ 257</u>	<u>\$ 257</u>

**E: SALARY EXPENDITURES**

The Court administers the payroll for all Juvenile Court employees excluding the judges. The City-Parish and the East Baton Rouge Parish Juvenile Court - Judicial Expense Fund reimburses the Court for those salaries disbursed by the court but appropriated in their respective budgets. The amounts shown in the accompanying financial statements are the actual salary expenditures of the Court and do not include any amounts for salaries reimbursed by the City-Parish or the Judicial Expense Fund.

**F: PENSION PLANS**

*Plan Description*

The East Baton Rouge Parish Juvenile Court contributes to the Employees' Retirement System, City of Baton Rouge and Parish of East Baton Rouge (the System) for all full time Juvenile Court employees except for those whose salaries are funded by the City-Parish or the Judicial Expense Fund, and the non-support hearing officer who is not a member of the System. The System is a defined-benefit, cost sharing, multiple employer pension plan that provides retirement benefits for all full-time City Parish employees and various related agencies and entities and is controlled and governed by a separate board of trustees. The System provides full retirement benefits for all covered employees with 25 years of service, regardless of age and minimum eligibility benefits at age 55 with 10 years of service, or 20 years of service regardless of age. The City-Parish Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Employees' Retirement System, City of Baton Rouge and Parish of East Baton Rouge, P. O. Box 1471, Baton Rouge, LA 70821.

**F: PENSION PLANS (Continued)**

*Funding Policy*

Plan members are required to contribute 9.5% of their annual covered salary and the Juvenile Court is required to contribute at an actuarially determined rate. The rate at December 31, 2000, was 16.13% of annual covered payroll. The contribution requirements of plan members and the Juvenile Court are established and may be amended by the System Board of Trustees. The Juvenile Court's contributions to the System for the years ending December 31, 2000, 1999, and 1998 were \$20,505, \$22,318, and, \$24,564 respectively, equal to the required contributions for each year.

**G: OTHER POSTEMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note F, the City-Parish provides post retirement health care benefits. Employees are eligible to continue participation in the health, dental and life insurance programs upon retirement.

Health and dental benefits

Employees may at their option participate in the group health and dental insurance program. Employees are offered their choice of two health maintenance organizations or an indemnity plan for health benefits. Employees may also participate in the indemnity plan for dental benefits. Upon retirement the employee may continue coverage with the same benefits available to active employees. The minimum premium plan is funded with employees and retirees contributing 38% of the premium and the Parish of East Baton Rouge contributing 62% of the premium. Retirees may continue coverage in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972. The portion paid by the Parish of East Baton Rouge of the post-retirement benefit for health and dental coverage is funded on a pay-as-you-go basis from the City - Parish General Fund - Risk Management budget.

Life insurance benefits

In accordance with City Resolution 5942 and Parish Resolution 12478 adopted by the respective councils on April 14, 1976, all employees who retire after May 1, 1976, have \$3,000 of term life insurance coverage. The cost of this insurance is paid by the City-Parish through an actuarially determined monthly assessment of 70 cents per active employee. The premium is paid into an Insurance Continuance Fund Account.

Expenditures for these benefits are not recognized by the Court since they are provided by the City-Parish.

**H: CONCENTRATIONS OF CREDIT RISK**

Intergovernmental receivables represent amounts due from the City-Parish and the State of Louisiana Supreme Court. Other receivables consist of amounts due from vendors.

**I: OTHER EXPENDITURES OF THE JUVENILE COURT**

Certain operating expenditures of the juvenile court are paid by the City-Parish and the East Baton Rouge Parish Juvenile Court - Judicial Expense Fund and are not included in the accompanying financial statements. The expenditures for the operation of the Juvenile Court paid by these entities for the year ended December 31, 2000 are summarized as follows:

	<u>City-Parish</u>	<u>Judicial Expense Fund</u>
Personal services	\$ 508,610	\$ 9,831
Employee benefits	106,989	1,214
Supplies	11,716	30,775
Contractual services	37,945	-
Total	<u>\$ 665,260</u>	<u>\$ 41,820</u>

**J: NEW ACCOUNTING STANDARDS**

Statement of Government Accounting Standards No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, establishes new financial reporting requirements for state and local governments. This standard requires an analysis of the government’s overall financial position and results of the previous year’s operations to assist the users of financial statements to assess whether the government’s finances have improved or deteriorated. Government-wide financial statements will be prepared using the full accrual method of accounting for all government activities. Additionally, governments will report all capital assets, including infrastructure, together with related depreciation. Governments will continue to provide budgetary comparison information in their annual reports. However, a new requirement will add the original budget information to the currently presented comparison of amended budget and actual results.

As a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Juvenile Court will adopt the provisions of this standard during its next reporting period, year ending December 31, 2001.

# L.A. CHAMPAGNE & CO., L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS  
4911 BENNINGTON AVENUE  
BATON ROUGE, LOUISIANA 70808-3153  
(225) 925-1120  
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MEMBERS - SEC AND  
PRIVATE COMPANIES PRACTICE  
SECTIONS OF THE AMERICAN  
INSTITUTE OF CPAs

WENDEL FOUSHEE, CPA  
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MICHAEL A. THAM, CPA  
ROBERT L. STAMEY, CPA

RAYMOND P. PRINCE, CPA  
SYLVIA M. KIDDER, CPA

EID #72-0454386

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

Honorable Judges of the  
East Baton Rouge Parish Juvenile Court

We were engaged to audit the general purpose financial statements of the East Baton Rouge Parish Juvenile Court; a component unit of the City of Baton Rouge, Parish of East Baton Rouge; as of and for the year ended December 31, 2000, and have issued our report thereon dated June 26, 2001. We did not express an opinion on the financial statements because we were unable to obtain adequate accounting records and documentation to support the liabilities and expenditures related to the Drug Court Treatment Program.

Further, with respect to the Drug Court Treatment Program, we were unable to obtain adequate accounting records and documentation in order to test compliance or consider internal control over the Program's financial reporting. Therefore, instances of noncompliance or reportable conditions may exist with respect to this Program that are not known to us and are not reported herein.

### Compliance

As part of obtaining reasonable assurance about whether the East Baton Rouge Parish Juvenile Court's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-2, 2000-4, 2000-5, 2000-6 and 2000-8.

### Internal Control Over Financial Reporting

In planning and performing our engagement to audit, we considered the East Baton Rouge Parish Juvenile Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design

*Continued*

or operation of the internal control over financial reporting that, in our judgement, could adversely affect the East Baton Rouge Parish Juvenile Court'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 findings as items 97-1, 2000-1, 2000-2, 2000-3, 2000-5, 2000-7, and 2000-9.

A material weakness is a 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 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. Our 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, we consider items 2000-1 and 2000-9 to be material weaknesses.

This report is intended for the information and use of management and governing body of the East Baton Rouge Parish Juvenile Court; the City of Baton Rouge, Parish of East Baton Rouge; and the Legislative Auditor, and is not intended to be and should not be used by anyone other than the specified parties.

  
June 26, 2001

**EAST BATON ROUGE PARISH JUVENILE COURT**  
**SCHEDULE OF FINDINGS**  
*Year Ended December 31, 2000*

**97-1. Lack of Segregation of Duties**

Criteria - In order to maintain effective internal controls, no one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or fraud could exist and not be promptly detected.

Condition – With respect to segregation of duties, there have been improvements in various areas of Court operations. However, the Judicial Administrator continues to have signatory authority and also receives and reconciles the bank statement for the general operating and the Victim of Juvenile Crime Compensation Fund checking accounts. She is also responsible for recording the disbursement transactions processed through these accounts in the Court's general ledger.

Effect - This concentration of duties increases the risk that intentional or unintentional errors could be made and not detected within the scope of normal operations.

Cause - There is a limited number of available personnel in certain administrative areas of the Court's operations.

Recommendation – None. Due to the limited number of personnel, duties appear to be segregated as much as possible.

Management response - Although the Judicial Administrator drafts the disbursement checks and has signatory power on these accounts, all checks must be co-signed either by one of the Judges, the deputy judicial administrator or the special programs director. The Judges also review the financial statements quarterly and compare to the budget for reasonableness.

**2000-1. Inadequacy of Accounting Records and Internal Controls for the Drug Court Treatment Program**

Criteria – Public entities administering programs including those funded by federal and state grants are required to establish and maintain accounting systems and internal controls in order to safeguard assets and assure that financial transactions are properly accumulated, classified and reported. Financial accounting records and supporting documentation are an integral part of these accounting and control systems. An adequate accounting and internal control system is one that: 1) presents and classifies historical costs of the program as required for budgetary and evaluation purposes, 2) provides cost and property control to ensure optimal use of funds, 3) controls funds and other resources to assure that the expenditure of funds and use of property are in conformance with any general or special conditions,

4) meets the prescribed requirements for periodic financial reporting of operations, and 5) provides financial data for planning, control, measurement, and evaluation of direct and indirect costs.

Condition -- During 2000, the accounting and financial reporting responsibilities for the Drug Court Treatment Program were transferred from general court administrative control to the administrator of the Drug Court Treatment Program. After three written requests, during our audit, for various accounting records and supporting documentation, several key requested items were still not provided to us including among others a detail general ledger for the period July through December, 2000, a complete detailed listing of property and equipment, accrued leave records for program employees and detail and summary payroll journals and reports for the period July through December, 2000. Because we were unable to assess the viability of these key records not provided to us, we did not attempt to further document, assess or evaluate the adequacy of the overall accounting and internal control systems over the Drug Court Treatment Program.

Effect -- Because we were unable to obtain adequate accounting records and supporting documentation as noted above, we did not audit the expenditures and liabilities of the Drug Court Treatment Program and therefore were unable to express an opinion on the financial statements of the Juvenile Court. Without proper accounting records and controls the financial activities of the program cannot be summarized, classified and reported in compliance with grant provisions and general reporting requirements of public entities.

Cause -- The Drug Court Treatment Program personnel did not respond fully to our requests for information either from lack of understanding of the specific request or because the particular record or document did not exist. It appears that program administrators are not familiar with the requirements for a proper accounting and internal control system.

Recommendation -- Drug Court Treatment Program should develop and implement adequate accounting and control procedures that will provide adequate administrative control over financial activities and produce accurate reports supported by meaningful accounting records and proper documentation.

Management response - In transition, the Judicial Administrator provided the Drug Court Treatment Program personnel the data files for the treatment programs general ledger system with transactions posted through June 30, 2000. Program administrators did not wish to continue using the resources of that data system and instead employed a different accounting system. The Administrative Judge shall require further investigation into these matters related to the Drug Court Treatment Program in order to develop specific recommendations for implementation of corrective measures.

## **2000-2. Payments in Excess of Leave Earned**

Criteria -- Article VII, Section 14 of the 1974 Louisiana Constitution and LSA-RS 14:138 prohibits advancing wages to employees.

Condition -- One employee was paid for sick and annual leave in excess of amounts previously earned.

Effect -- This employee was paid in advance for leave time not yet earned, in essence an advance of wages.

Cause – Although sick and annual leave and compensatory time records are well maintained, court personnel did not adequately monitor the leave status of the individual and allowed leave time to be charged in excess of amounts earned.

Recommendation – Accumulated leave records should be more carefully monitored to assure that leave time is available when payrolls are prepared.

Management response – By year-end, the employee had accumulated additional sick and annual leave benefits reducing the excess taken to eight hours. Accumulated leave records will be reviewed in conjunction with the payroll computation, and pay amounts will be adjusted when available leave benefits have been exhausted.

### **2000-3. Control of Cash Receipts**

Criteria – All cash funds received should be properly safeguarded and promptly deposited into a Court bank account.

Condition – On July 26, 2000, \$200 of cash collected for traffic court fines was lost.

Effect – Portions of traffic fines collected by the Court are by rule distributed to specified funds or agencies with the remainder retained to fund court operations. Payments of the appropriate share of fines to the other funds and agencies had to be remitted out of general court funds and the Court lost the use of the money for its operations.

Cause – An employee left the collections unattended for a brief period and found the cash missing upon her return.

Recommendation – Collections should be kept in a locked drawer at all times until processed for deposit.

Management response – There have been no further instances of cash shortages. Employees have been instructed to be more careful about leaving money unattended, and that any further loss of funds due to negligence will result in disciplinary action.

### **2000-4. Retroactive Salary Increases**

Criteria – According to Louisiana Attorney General Opinion (AGO) 86-639, retroactive payment of salary increases to public employees constitutes donation and is proscribed by Article VII, Section 14 of the 1974 Louisiana Constitution.

Condition – Although payroll records provided to us are incomplete and not conclusive, it appears that the center administrator and program director for the Drug Court Treatment Program received retroactive pay increases of more than \$4,000 and \$2,000, respectively during September, 2000. It is apparent from the records we have, the administrator received a raise from \$40,000 to \$67,692 and the program director from \$36,000 to \$50,000. It is not clear who authorized the raises nor is it clear when they became effective. Therefore, it is not possible to definitively determine whether the additional September

amounts are retroactive payments for raises.

Effect – Retroactive pay increases are in violation of AGO 86-639.

Cause – Drug Court personnel were unaware that retroactive pay increases were inappropriate.

Recommendation – Retroactive pay increases must be avoided.

Management response – The Administrative Judge shall require further investigation into these matters related to the Drug Court Treatment Program in order to develop specific recommendations for implementation of corrective measures.

## **2000-5. Fixed Asset Management**

Criteria – LSA-RS 24:515(B)(1) provides that records of all general fixed assets purchased or acquired by the entity shall be maintained. This record should include the date of purchase and initial cost of property and a description of the equipment acquired.

Condition – Requests were made for detail records of Drug Court Treatment Program general fixed assets. These records were not made available for our review.

Effect – Without properly maintained fixed assets records, furnishings and equipment utilized in the program may not be adequately safeguarded from unauthorized use or misappropriation.

Cause – On June 14, 2000, the Deputy Judicial Administrator notified the Drug Court Treatment Program personnel of the recordkeeping requirements for movable assets. Drug Court Treatment Program personnel failed to follow these instructions and did not prepare the required fixed asset records.

Recommendation – Drug Court Treatment Program personnel should follow the fixed asset management procedures outlined by the Deputy Judicial Administrator in her instructions dated June 14, 2000.

Management response - *The Administrative Judge shall require further investigation into these matters related to the Drug Court Treatment Program in order to develop specific recommendations for implementation of corrective measures.*

## **2000-6. Compensation** (reported in 1999 management letter)

Criteria – OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Government* prescribes standards for time distribution. Where employees work on multiple activities, a distribution of their time for each activity should be supported by a personnel activity report or equivalent documentation that must:

- (a) Reflect an after-the-fact distribution of the actual activity of each employee,
- (b) Account for the total activity for which each employee is compensated,
- (c) Be prepared at least monthly and must coincide with one or more pay periods, and

(d) Be signed by the employee

*Condition* – A full-time City-Parish employee was also the Drug Court administrator under contract during 1999 and through May, 2000. In addition to receiving her City-Parish salary, she was also compensated for her services as the Drug Court administrator under a Department of Health and Hospitals grant. No personnel activity report or equivalent documentation showing the distribution of this employee's activity was available for inspection. During 2000, the administrator was paid \$8,418.

*Effect* – Costs not adequately supported may be subject to disallowance.

*Cause* – This Drug Court administrator was not aware of the documentation requirements of OMB Circular A-87.

*Recommendation* – A daily activity report should be maintained to document the time spent on drug court administrative activities as opposed to work performed as an employee of the City-Parish of East Baton Rouge.

*Management response* – The Drug Court administrator terminated her contract for services in May, 2000. The Administrative Judge shall require further investigation into these matters related to the Drug Court Treatment Program in order to develop specific recommendations for implementation of corrective measures.

**2000-7. Contracted Services**  
(reported in 1999 management letter)

*Criteria* – Professional services should be provided under a contract or agreement.

*Condition* – An individual was engaged to draw up the procedures and outline the operations of the Drug Court under a verbal agreement. The fee and the time period covered by these services were not documented. A total of \$3,450 was paid during 1999, and the Court paid another \$1,200 in 2000 to the same individual for completion of the project.

*Effect* – Without a contract that specifies what services are to be provided and when the services are to be performed, the Court is subject to receiving services that may not be required or necessary or such services may not be provided timely. Without a contract there are also no agreed upon fees for services provided, leaving the Court open to the possibility of paying too much for services rendered.

*Cause* – The Drug Court was applying for grant funding and needed to draw up the procedures and outline the operations of the Drug Court as quickly as possible.

*Recommendation* – Contracts should be in place before services are provided.

*Management response* – The Administrative Judge shall require further investigation into these matters related to the Drug Court Treatment Program in order to develop specific recommendations for implementation of corrective measures.

## **2000-8. Engagement Completion**

Criteria – L. R. S. 24:513 provides that the audited financial statements are to be filed with the Legislative Auditor within six months of the close of the fiscal year.

Condition – After three written requests, we were still unable to obtain adequate accounting records and supporting documentation relative to the expenditures and liabilities of the Drug Court Treatment Program for the period after June 30, 2000. Therefore, we were unable to audit that program or express an opinion on the financial statements of the Juvenile Court. As we dealt with requests for records and evaluated material provided to us, the June 30, 2001, deadline for submission of the 2000 audit passed.

Effect – According to the Legislative Auditor of the State of Louisiana, failure to comply with the six month statutory issuance date is specifically required to be reported as a material instance of noncompliance with state law.

Cause – Delays in the submission of Drug Court Treatment Program financial records in turn caused a delay in completing the engagement to audit the East Baton Rouge Juvenile Court for the year 2000.

Recommendation – Drug Court personnel should be made aware that timely submission of material requested by the auditor is necessary for timely completion of the audit engagement and submission of the report to the Legislative Auditor.

Management response – In the future, requested material will be provided to the auditors on a timely basis. The Administrative Judge shall require further investigation into these matters related to the Drug Court Treatment Program in order to develop specific recommendations for implementation of corrective measures.

## **2000-9. Control Over Payroll Processing and Reporting**

Criteria – Control over payroll processing and reporting of payroll taxes and benefits is a key element of internal control, particularly since salaries and related taxes and benefits comprise the majority of the Court's expenditures.

Condition – After June 30, 2000, responsibility for processing payroll for the Drug Court Treatment Program employees was transferred to program personnel who employed an outside service provider to assist with processing the payrolls. The Judicial Administrator provided program personnel with specific instructions on reporting wages and payroll tax information to be included in a single quarterly payroll tax report since the Drug Court intended to use the Juvenile Court's Federal and State tax identification numbers for payroll reporting. As a result of the Drug Court's failure to exercise sufficient control over payroll processing and its failure to follow the Judicial Administrator's instructions, a number of tax reporting problems have developed. Duplicate filings of quarterly tax reports Form 941 and improper depositing of payroll taxes by the Drug Court has caused serious problems in dealing with the Internal Revenue Service on payroll tax matters. These matters have resulted in penalties being assessed for late deposit of payroll taxes and the expenditure of time and money to correct the filing errors.

Effect – Erroneous payroll tax reports have been filed by the Drug Court and on occasion payroll taxes

were not deposited timely.

*Cause – Lack of control over payroll processing and failure to follow directions of the Judicial Administrator have caused submission of erroneous payroll tax reports and delays in depositing payroll taxes.*

*Recommendation – Drug Court personnel should exert better control over payroll processing and follow the instructions of the Judicial Administrator regarding the deposit of payroll taxes and the submission of data for inclusion in filings of various payroll tax and benefit reports.*

*Management response – The Administrative Judge shall require further investigation into these matters related to the Drug Court Treatment Program in order to develop specific recommendations for implementation of corrective measures.*

**EAST BATON ROUGE PARISH JUVENILE COURT**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
*Year Ended December 31, 2000*

**Cash Management**

(reported in 1999 management letter)

Condition – Funds advanced under Department of Justice Grant No. 1999-DC-VX-0089 (CFDA 16.585) were held longer than ten days on 2 occasions.

Because we were unable to obtain adequate accounting records and documentation with regard to the Drug Court Treatment Program that is funded by the Department of Justice mentioned above, we were unable to test compliance with the cash management provisions.



# JUVENILE COURT

PARISH OF EAST BATON ROUGE

8333 Veterans Memorial Boulevard  
Baton Rouge, Louisiana 70807

**Kathleen Stewart Richey**  
*Judge, Division A*

**Pamela Taylor Johnson**  
*Judge, Division B*

**Salvadore T. Mulé**  
*Acting Administrative Judge*

TELEPHONE (225) 354-1250  
FAX (225) 357-7876

**Donna T. Carter**  
*Judicial Administrator*

**Darlene Kaufman**  
*Deputy Judicial Administrator*

June 28, 2001

The East Baton Rouge Parish Juvenile Court respectfully submits the following corrective action plan for the year ended December 31, 2000.

Name and address of independent public accounting firm:

L.A. Champagne & Co., L.L.P.  
4911 Bennington Avenue  
Baton Rouge, LA 70808

Audit period: Year ended December 31, 2000

The findings from the 2000 schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned to the schedule.

## 97-1. Lack of Segregation of Duties

Condition: With respect to segregation of duties, there have been improvements in various areas of Court operations. However, the Judicial Administrator continues to have signatory authority and also receives and reconciles the bank statement for the general operating and the Victim of Juvenile Crime Compensation Fund checking accounts. She is also responsible for recording the disbursement transactions processed through these accounts in the Court's general ledger.

Action Taken: None. Although the Judicial Administrator drafts the disbursement checks and has signatory power on these accounts, all checks must be co-signed either by one of the Judges, the deputy judicial administrator or the special programs director. The Judges also review the financial statements quarterly and compare to the budget for reasonableness.

## 2000-1. Inadequacy of Accounting Records and Internal Controls for the Drug Court Treatment Program

Condition: During 2000, the accounting and financial reporting responsibilities for the Drug Court Treatment Program were transferred from general court administrative control to the administrator of the Drug Court Treatment Program. After three written requests, during our audit, for various accounting records and supporting documentation, several key requested

items were still not provided to us including among others a detail general ledger for the period July through December, 2000, a complete detailed listing of property and equipment, accrued leave records for program employees and detail and summary payroll journals and reports for the period July through December, 2000. Because we were unable to assess the viability of these key records not provided to us, we did not attempt to further document, assess or evaluate the adequacy of the overall accounting and internal control systems over the Drug Court Treatment Program.

Action Taken: In transition, the Judicial Administrator provided the Drug Court Treatment Program personnel the data files for the treatment programs general ledger system with transactions posted through June 30, 2000. Program administrators did not wish to continue using the resources of that data system and instead employed a different accounting system. The Administrative Judge shall require further investigation into these matters related to the Drug Court Treatment Program in order to develop specific recommendations for implementation of corrective measures.

#### 2000-2. Payments in Excess of Leave Earned

Condition: One employee was paid for sick and annual leave in excess of amounts previously earned.

Action Taken: By year-end, the employee had accumulated additional sick and annual leave benefits reducing the excess taken to eight hours. Accumulated leave records will be reviewed in conjunction with the payroll computation, and pay amounts will be adjusted when available leave benefits have been exhausted.

#### 2000-3. Control of Cash Receipts

Condition: On July 26, 2000, \$200 of cash collected for traffic court fines was lost.

Action Taken: There have been no further instances of cash shortages. Employees have been instructed to be more careful about leaving money unattended, and that any further loss of funds due to negligence will result in disciplinary action.

#### 2000-4. Retroactive Salary Increases

Condition: Although payroll records provided to us are incomplete and not conclusive, it appears that the center administrator and program director for the Drug Court treatment program received retroactive pay increases of more than \$4,000 and \$2,000, respectively during September, 2000. It is apparent from the records we have, the administrator received a raise from \$40,000 to \$67,692 and the program director from \$36,000 to \$50,000. It is not clear who authorized the raises nor is it clear when they became effective. Therefore, it is not possible to definitively determine whether the additional September amounts are retroactive payments for raises.

Action Taken: The Administrative Judge shall require further investigation into these matters related to the Drug Court Treatment Program in order to develop specific recommendations for implementation of corrective measures.

#### 2000-5. Fixed Asset Management

Condition: Requests were made for detail records of Drug Court Treatment Program general fixed assets. These records were not made available for our review.

Action Taken: The Administrative Judge shall require further investigation into these matters related to the Drug Court Treatment Program in order to develop specific recommendations for implementation of corrective measures.

#### 2000-6. Compensation

Condition: A full-time City-Parish employee was also the Drug Court administrator under contract during 1999 and through May, 2000. In addition to receiving her City-Parish salary, she was also compensated for her services as the Drug Court administrator under a Department of Health and Hospitals grant. No personnel activity report or equivalent documentation showing the distribution of this employee's activity was available for inspection. During 2000, the administrator was paid \$8,418.

Action taken: The Drug Court administrator terminated her contract for services in May, 2000. The Administrative Judge shall require further investigation into these matters related to the Drug Court Treatment Program in order to develop specific recommendations for implementation of corrective measures.

#### 2000-7. Contracted Services

Condition: An individual was engaged to draw up the procedures and outline the operations of the Drug Court under a verbal agreement. The fee and the time period covered by these services were not documented. A total of \$3,450 was paid during 1999, and the Court paid another \$1,200 in 2000 to the same individual for completion of the project.

Action Taken: The Administrative Judge shall require further investigation into these matters related to the Drug Court Treatment Program in order to develop specific recommendations for implementation of corrective measures.

#### 2000-8. Engagement Completion

Condition: After three written requests, we were still unable to obtain adequate accounting records and supporting documentation relative to the expenditures and liabilities of the Drug Court Treatment Program and, therefore, we were unable to audit that program or express an

opinion on the financial statements of the Juvenile Court. As we dealt with requests for records and evaluated material provided to us, the June 30, 2001, deadline for submission of the 2000 audit passed.

Action Taken: In the future, requested material will be provided to the auditors on a timely basis. The Administrative Judge shall require further investigation into these matters related to the Drug Court Treatment Program in order to develop specific recommendations for implementation of corrective measures.

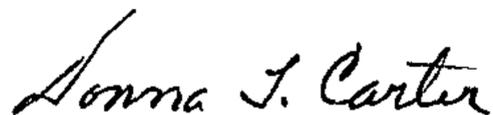
#### 2000-9. Control Over Payroll Processing and Reporting

Condition: After June 30, 2000, responsibility for processing payroll for the Drug Court Treatment Program employees was transferred to program personnel who employed an outside service provider to assist with processing the payrolls. The Judicial Administrator provided program personnel with specific instructions on reporting wages and payroll tax information to be included in a single quarterly payroll tax report since the Drug Court intended to use the Juvenile Court's Federal and State tax identification numbers for payroll reporting. As a result of the Drug Court's failure to exercise sufficient control over payroll processing and its failure to follow the Judicial Administrator's instructions, a number of tax reporting problems have developed. Duplicate filings of quarterly tax reports Form 941 and improper depositing of payroll taxes by the Drug Court has caused serious problems in dealing with the Internal Revenue Service on payroll tax matters. These matters have resulted in penalties being assessed for late deposit of payroll taxes and the expenditure of time and money to correct the filing errors.

Action Taken: The Administrative Judge shall require further investigation into these matters related to the Drug Court Treatment Program in order to develop specific recommendations for implementation of corrective measures.

If there are any questions regarding this plan, please call me at 225-354-1250.

Sincerely yours,



Donna T. Carter, Judicial Administrator