

LEGISLATIVE AUDITOR

STATE OF LOUISIANA



MONROE CITY COURT

AUDIT REPORT
ISSUED AUGUST 25, 2004

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDIT ADVISORY COUNCIL

REPRESENTATIVE EDWIN R. MURRAY, CHAIRMAN
SENATOR J. "TOM" SCHEDLER, VICE CHAIRMAN

SENATOR ROBERT J. BARHAM
SENATOR JOE MCPHERSON
SENATOR WILLIE L. MOUNT
SENATOR BEN W. NEVERS, SR.
REPRESENTATIVE RICK FARRAR
REPRESENTATIVE CEDRIC RICHMOND
REPRESENTATIVE T. TAYLOR TOWNSEND
REPRESENTATIVE WARREN J. TRICHE, JR.

LEGISLATIVE AUDITOR

STEVE J. THERIOT, CPA

DIRECTOR OF FRAUD AND ABUSE AUDIT

DARYL G. PURPERA, CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Nine copies of this public document were produced at an approximate cost of \$21.51. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.la.state.la.us. When contacting the office, you may refer to Agency ID No. 2122 or Report ID No. 04102075 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870
www.la.state.la.us

August 25, 2004

**HONORABLE TAMMY LEE,
ADMINISTRATIVE JUDGE,
AND FELLOW JUDGES
MONROE CITY COURT**
Monroe, Louisiana

We have audited certain transactions of the Monroe City Court. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes. Our audit was performed to determine whether expense reports were filed in a timely manner and if probation fees are collected and properly deposited.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*; therefore, we are not offering an opinion on the Monroe City Court's financial statements or system of internal control, nor assurance as to compliance with laws and regulations. Also, as part of our audit, we applied our *Checklist of Best Practices in Government* to the procedures and practices of the Monroe City Court.

The accompanying report presents our findings and recommendations as well as management's response. Copies of this report have been delivered to the Monroe City Court; the Honorable Jerry Jones, District Attorney for the Fourth Judicial District of Louisiana; and others as required by law.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve J. Theriot", written over a white background.

Steve J. Theriot, CPA
Legislative Auditor

ERH:JLM:DGP:dl

MCC04

	Page
Findings:	
City Court Travel Expenditures.....	3
Probation Office.....	4
Recommendations.....	7
Background and Methodology.....	9
Appendix A - Additional Recommendations From <i>Checklist of Best Practices in Government</i>	11
Management’s Response.....	13





City Court Travel Expenditures

The Monroe City Court (Court) is, as are all public bodies, prohibited by the Louisiana Constitution¹ from loaning funds to its employees. The Court, however, may have violated provisions of the constitution by advancing funds to employees to cover travel expenses and then allowing the employees to charge those same expenses to the Court's credit card. The constitution may have been violated when the Court failed to adopt a policy defining the time an employee has to file an expense report and repay any unused, advanced funds or other funds due to the Court. Not tracking the return of the public funds or paying for the same expenses twice could be considered unauthorized loans or donations.

Unauthorized Use of Court Credit Card

The Monroe City Court adopted *En banc* Order 00-EB5 in July 2000, which stated that all travel expenses incurred by the judges and staff of the Court are governed by the travel policy of the Supreme Court of Louisiana. The Order also stipulates that the judges and staff shall follow the per diem rates set annually by the Supreme Court.

During the period January 2001 through December 2003, Monroe City Court judges charged \$4,503 to the Court's credit card for travel expenses after receiving travel advances thus receiving duplicate payment for the same expenses. Of this amount, Judge Tammy Lee charged \$3,978 and Judge Daryl Blue charged \$524.

Judge Lee received advances totaling \$4,479. After receiving these advances, Judge Lee charged \$3,978 to the Court's credit card, thereby receiving duplicate payment for the same expenses. Judge Lee reimbursed the Court \$1,672 of the duplicate payments more than 60 days after completion of the trips and \$2,306 of the duplicate payments more than 180 days after completion of the trips.

Judge Blue received a \$1,384 advance. After receiving the advance, Judge Blue charged \$524 to the Court's credit card. Of this amount, \$389 was duplicate payment for the same expenses. Judge Blue reimbursed the Court the \$389 duplicate payment 60 days after completion of the trip.

Untimely Filing of Expense Reports

The travel policy adopted in *En banc* Order 00-EB5 does not define specific time requirements for submitting expense reports. As a result, employees of the Court have not submitted expense reports or reimbursed the Court in a timely manner. For travel occurring during the period June 1999 through December 2003, Judges James Smith, Tammy Lee, Daryl Blue, and Scott Leehy reimbursed the Court \$8,669 for expenses more than 30 days after returning from travel.

¹ **Article 7, Section 14 of the Louisiana Constitution** provides, in part, that except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.



Of the \$8,669, Judge Lee reimbursed \$7,685 in the following manner:

- \$2,234 was reimbursed more than 30 days after returning from travel.
- \$1,024 was reimbursed more than 90 days after returning from travel.
- \$564 was reimbursed more than 120 days after returning from travel.
- \$3,863 was reimbursed more than 180 days after the end of travel.

The remaining \$984 was reimbursed by Judge Blue (\$732), Judge Smith (\$162), and Judge Leehy (\$90). Judge Blue reimbursed the Court \$269 more than 30 days after returning from travel and \$463 more than 60 days after returning from travel. Judge Smith reimbursed the Court more than 30 days after returning from travel. Judge Leehy reimbursed the Court more than 180 days after returning from travel.

Unauthorized Use of Rental Cars for Travel

Part G, Section 1(c)(1) of the Supreme Court's travel policy provides, in part, that the use of a rental vehicle is limited to situations where it is the most economical means of travel or unless there are extraordinary circumstances. This policy also provides that reimbursement for rental vehicles is to be limited to the rental cost of a mid-size automobile.

During the period June 2001 through December 2002, Judge Smith, Judge Lee, and Judge Leehy rented vehicles on 14 occasions at a total cost of \$5,013.

- Judge Smith rented vehicles on eight occasions at a total cost of \$2,949. Of this amount, \$114 was for two days of usage beyond days necessary for Court travel and \$678 was for upgrading rental vehicles from mid-sized to luxury, SUV, premium, or full-sized.
- Judge Lee rented vehicles on five occasions at a total cost of \$1,818. Of this amount, \$443 was for eight days of usage beyond days necessary for Court travel and \$156 was for upgrading rental vehicles from mid-sized to SUV, premium, or full-sized.
- Judge Leehy rented a vehicle at a total cost of \$246. Of this amount, \$20 was for upgrading the rental vehicle from mid-sized to SUV.

Had these judges complied with the Court's travel policy, renting a vehicle would have been more economical in three of the 14 situations.

Probation Office

As of March 31, 2004, there were 828 probation cases in the Monroe City Court's computer system. Each of these cases is supposed to be assigned to one of the two probation officers employed by the



Court. The probation officers are required to ensure that probationers complete all requirements of probation.² In doing so, the probation officers are supposed to maintain files for each probationer documenting compliance with court ordered conditions. The probation officers are also responsible for ensuring that each probationer is paying his/her monthly fee.

Probation Officers Not Documenting Case Monitoring

The probation office does not have written policies and procedures specifying the required contents of a probation case file. Certain documentation is necessary to enable a probation officer to properly monitor a probationer and document compliance with judicial orders. These documents include the judgment listing the conditions of probation, personal contact information, fee payment history, payment receipts, a list of completed probation conditions, and a case history sheet.

Our review of the 828 probation cases revealed that 310 files contained no documentation indicating the probation officer assigned to the case, worked or was actively working the case. In addition, 49 cases are unassigned. The remaining 469 case files contained at least some documentation indicating the probation officer was working or had worked the case. Of the 310 files containing no documentation, 53 are closed cases, 191 are active cases but have prescribed--the length of probation has passed but all conditions of probation have not been met, and 66 are active cases.

Probation Fees Not Collected

The 828 probation cases in the system amount to \$234,070 in judicially ordered probation fees. However, as of March 31, 2004, only \$42,920 was collected in relation to these cases; \$40,345 had not come due; and \$28,270 was dismissed because of transfers, probation revocations, and defendants opting to serve time in jail. The remaining \$122,535 is distributed throughout the following cases:

- \$22,610 in closed cases
- \$61,520 in active cases that have prescribed
- \$31,955 in active cases
- \$6,450 in pending, inactive, and cases with recalled bench warrants

Lack of Judicial Review

According to Judge Lee, Judge Leehy, and Judge Blue, judicial approval must be given before any probation condition is waived. None of these judges have given probation officers the authority to waive fees or close cases without judicial approval. However, in 22 instances, probation officers waived fees without judicial approval and in 11 instances closed cases unsatisfactorily--some condition of the probation was not fulfilled at the time the case was closed.

² LA. Atty. Gen. Op. No. 1997-179 interprets Louisiana law to require that probation officers perform all duties required or ordered by the court.



The judges explained that there are times when a probation officer has to make a decision as to whether to revoke someone's probation or recommend closing the case. In these instances, the probation officer should communicate with the judge before a decision is made thereby assuring proper judicial approval.



The Monroe City Court judges should exercise greater control and scrutiny over the use of Court funds. The clerk of court should have final review of all payments to ensure that the payments are necessary and in compliance with Louisiana law. In addition, the Court should:

- Review the provisions of the Louisiana Constitution regarding loaning of public funds and ensure all payments are for an allowable purpose
- Cease allowing the use of the Court's credit card for travel expenses that have been advanced to Court employees for the same expenses
- Adopt a formal travel policy stipulating the time limit allowed in submitting expense reports and train all Court employees on this policy
- Ensure Court employees are following the requirements governing rental car usage for travel including car size and authorized usage dates
- Document extraordinary circumstances requiring the use of a rental vehicle when it is not the most economical method of travel

Court funds should be used in an effective manner. The Court should ensure that an adequate review of travel is made before expending Court funds to ensure that all expenditures are an effective use of these dollars.

The Court should exercise greater communication and supervision over the probation officers and the authority they have in monitoring probation cases. The Court should also adopt written policies and procedures to provide probation officers with a clear understanding of their responsibilities and authority in supervising probation cases to include the following:

- A description of the required contents of a probation case file
- A description of the probation fee collection policy and practices
- Required notification to the Court of any probationer that is failing to meet the conditions of his/her probation

In addition, the Court should:

- Communicate on a regular basis with the probation officers concerning problematic cases, and advise the officers in discretionary matters
- Review probation cases on a regular basis to ensure that officers are adequately supervising their case loads
- Ensure probation officers receive adequate supervision





Monroe is located in Ouachita Parish in northeast Louisiana and has a population of 53,107. The Monroe City Court consists of three independently elected judges and has a support staff of approximately thirty employees. The three judges alternate on a monthly basis in handling civil, criminal/traffic, and juvenile cases. The Court is comprised of several divisions that provide the necessary support to the judges, legal community, and the residents of Monroe in Wards 3 and 10. These divisions are Civil, Criminal/Traffic, Juvenile and Probation. Each judge is elected to a six-year term. The Court is fiscally dependent on the City of Monroe for office space, courtrooms, and related utility costs, as well as partial funding of salary costs.

The Probation Office promotes public safety by providing supervision of the misdemeanor criminal, traffic and DWI offenders referred to the division by the judges of Monroe City Court. The division employs two full-time probation officers who are responsible for ensuring that defendants comply with the probation conditions outlined by the judges.

The legislative auditor received allegations of possible improper travel reimbursements and advances at the Court. In addition, the auditor received allegations regarding possible misappropriation of funds in the Probation Division. The procedures performed during this audit consisted of the following:

- (1) interviewing employees of the Court;
- (2) applying our *Checklist of Best Practices in Government*;
- (3) examining selected records of the Court;
- (4) performing observations and analytical tests; and
- (5) reviewing applicable Louisiana laws.





As part of our audit, we applied our *Checklist of Best Practices in Government* and noted certain matters we want to bring to the attention of the Court for consideration. We offer the following comments and suggestions regarding the Court's lack of written policies and procedures:

1. Purchasing: The Court uses two purchasing systems--internal purchasing and through the City of Monroe. The City requires purchase requisitions and purchase orders so Court personnel submit the required documentation. For those purchases made internally, the Court does not require or use purchase requisitions or purchase orders to aid in the purchasing function. The Court should adopt a written purchasing policy to include the use of purchase requisitions and purchase orders. This policy should also ensure that proper approval is obtained before expending funds. In addition, the Court should review each purchase to determine if it is in the best interest of the Court.
2. Budgeting: Written policies and procedures should be established that will provide guidelines necessary in managing the Court's budget. A written budget policy containing detailed procedures for preparing, adopting, monitoring, and amending the budget will provide compliance with Louisiana Revised Statutes (R.S.) 39:1301-1315.
3. Financial Reporting: The Court does not have written policies and procedures for the production of financial statements. The Court should adopt written policies and procedures that provide the nature, extent, and frequency of reporting financial information to management and the governing body.
4. 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 also provide for adequate documentation to support each disbursement, including the business purpose.
5. Credit Cards: Written policies and enforced procedures that provide guidance for the business use and supporting documentation of credit cards should be established. The credit card statement alone does not provide sufficient documentation of individual purchases. The Court should require detailed documentation of each credit card purchase.
6. Cellular Phones: The Court pays the bills for the judges' personal cellular phones regardless of whether the calls are personal or business related. Judges are required to reimburse the Court any amount that exceeds \$250. The Court should commit to writing its policies and procedures for the business use of personal cellular phones after reassessing the reasonableness of its reimbursement threshold. This policy should require that (1) judges/employees who submit a cellular phone bill to the Court for reimbursement review their monthly bills and identify business calls made or received; (2) reimburse judges/employees at a standard rate for each minute, for business calls; and (3) require review of the monthly bills for propriety and reasonableness of phone usage.



7. Payroll and Attendance Records: Although the City of Monroe is responsible for the processing of the Court's payroll and for maintaining employee personnel files, the Court should commit to writing its established policies and procedures to ensure adequate documentation of the payroll and attendance processes. Documentation should include time reports indicating hours worked, time report approval by management, and records accounting for sick and vacation leave earned and used.
8. Investments: Written policies and procedures should be adopted that detail and clarify the Court's investment objectives; define acceptable investment type, risk and liquidity; and state the procedures and constraints necessary to reach those objectives. This will ensure compliance with R.S. 33:2955, which also states that the Court's excess cash be invested. In addition, the Court should establish written procedures for ensuring that bank balances and investments are adequately secured to comply with R.S. 39:1221 and 39:1225.
9. Capital Assets: The Court should establish a written capitalization policy for recording capital assets in compliance with R.S. 24:515. Capital asset records should include a description of the asset, year of acquisition, method of acquisition, funding source, cost or estimated cost, salvage value, estimated useful life, and the function that uses the asset.
10. Records: The Court does not have a formal records retention schedule but does maintain records for at least three prior years. The Court should develop a records retention schedule and seek approval of the schedule from the Louisiana Secretary of State.
11. Ethics: Louisiana law requires compliance with the Louisiana Code of Governmental Ethics, Title 42 of the Louisiana Revised Statutes. In addition to adopting a written ethics policy, the Court should require annual certification letters from judges and employees attesting to their compliance with the law.
12. Information Systems: Written policies and procedures including Internet access; files that can and cannot be downloaded from the Internet; and identifying critical and noncritical data should be established by the Court. Although the Court backs up files daily and stores these files offsite, it should also have a written back-up contingency and recovery plan in the event of a disaster and test the disaster recovery process at least annually.







TAMMY D. LEE
JUDGE, DIVISION "A"

CITY OF MONROE
Monroe City Court
P.O. Box 777
Monroe, Louisiana 71210

August 23, 2004

TELEPHONE (318) 329-2580
FAX (318) 329-2622

Mr. John Morehead,
Manager, Fraud and Abuse Audit Division
Office of Legislative Auditor
State of Louisiana
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: MONROE CITY COURT'S RESPONSE TO AUDIT REPORT

Dear Mr. Morehead:

Pursuant to our extensive telephone conversation on Friday, August 20, 2004, enclosed please find the Court's response to the audit findings, with documents that we desire to be attached thereto.

You advised that the report would be provided to certain entities on Wednesday, August 25, 2004.

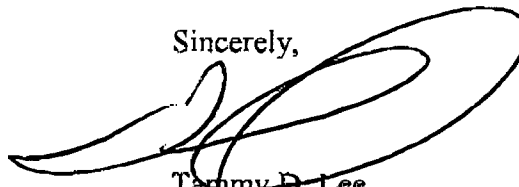
Prior to the forwarding of this report, it is again my request that you meet and discuss with your supervisors, the bullet-format utilized as it relates to my findings only.

Your cooperation is appreciated.

Should you have any further questions, please advise.

With best regards, I remain

Sincerely,



Tammy D. Lee,
Administrative Judge

cc: Mr. Daryl Purpera

COURT'S RESPONSE TO AUDIT FINDINGS

UNAUTHORIZED USE OF COURT'S CREDIT CARD

En Banc Order 00-EB5, was adopted on July 7, 2000, and filed on July 11, 2000, under the administration of Former and Presiding Judge James G. Smith. The Order was approved by Judge B. Scott Leehy, Division B and Judge Frederic C. Amman, III, Division A, Pro Tempore.

This Order specifically established and governed the per diem and lodging rates for the judges and staff of Monroe City Court in accordance with those promulgated annually by the Supreme Court of Louisiana.

The existence of this Order was unknown to present Administrative Judge Lee, until February 18, 2004, at which time Interim Clerk, Gladys Wilson provided it to her. This Order was not provided to Judge Tammy D. Lee, who was elected in November of 2001, at the commencement of her term in January of 2001. Judge Daryl Blue, who was elected in October of 2002, was uncertain as to whether he had been provided with a copy thereof.

Interim Clerk Wilson, a Court employee for several years, informed that she was likewise unaware of this Order, until February 18, 2004, when the Legislative Auditor's Office questioned her regarding such. Thereafter, Mrs. Marsha Andrews, the Court's Business Manager, since April of 2001, provided the Order to Interim Clerk Wilson. Business Manager Andrews was aware that such an Order existed.

Likewise, the Court's present internal auditing firm was unaware of the existence of this Order, as they had not been provided with it upon the commencement of their employ with the Court in 2002. Judge Lee provided the firm with the Order in February of 2004.

During early June of 2003, the Court's Budget Officer, Interim Clerk and Administrative Judge met to address and resolve the multitude of complications and problems surrounding lodging for seminars. The sole purpose of this meeting was to eradicate the past lodging problems encountered when incidentals were charged and cash payments/advances or other methods of payment were tendered.

Please refer to the letters and receipts provided heretofore, relative to such.

At the conclusion of this meeting, it was decided that in the event that the traveler was charged incidentals at check-in, the funds advanced for lodging would not be used, as they would be insufficient and the traveler would be forced to use his/her personal funds. The entire lodging fee plus incidentals would be assessed to the Court's general card and all unused funds initially advanced for the stay, would be returned to the Court, along with the traveler's expense report and a letter of explanation.

Page 2
L. Auditor

This procedure was to be adhered to specifically for Windsor Court stays and out-of-state seminars, in the event that the traveler encountered such lodging problems with incidentals or other extraordinary circumstances.

Neither during nor subsequent to this meeting, did Budget Manager Andrews advise that the Court should not follow this procedure.

The Court is currently compiling a comprehensive travel policy, which specifically addresses travel expenses for lodging and provides that:

-In such cases of out-of-state travel and specifically, *Windsor Court* stays, it is permissible that, if necessitated, the traveler may allow additional funds to be held on the Court's corporate card, for travel incidentals, which one may incur upon his or her travel stay.

-All lodging and valet parking for the period of travel, may be paid with the Court's credit card upon making initial reservations. Reservations shall be guaranteed with the Court's corporate card upon making reservations. The traveler may utilize other personal means, should he so desire.

Heretofore, the Court assessed all lodging fees to the Court's general card, which procedure resolved all such problems.

In some instances, the traveler's stay was prepaid by the Clerk, Budget Officer or other office personnel, all of which was unknown to the traveler. Thusly, the traveler requested and received an advance for lodging, only to later discover that the Court had previously charged the entire amount to the Court's general card. In such cases, the traveler returned these unused funds at the time that the expense report was finalized and submitted.

In an effort to eliminate the likelihood of such an inadvertence occurring, the comprehensive policy will provide that only the judge's secretary shall be allowed to make lodging reservations for seminars.

Upon the completion of this comprehensive travel policy, the Court shall submit it to the Louisiana Supreme Court for approval purposes.

It was not the intent of any judge of this Court or any personnel thereof, to secure a loan from the Court relative to travel expenditures. Conversely, it was not the intent of the Court to secure loans from the judges of this Court or any personnel thereof, in those instances where reimbursements were due the traveler. All travel reports, unused funds

Page 3
L. Auditor

and reimbursements due to the employee and/or Court and were submitted or remitted by the end of each fiscal year, as was the practice.

The Court would request that reference be made to the its' audit reports for the preceding years, which reveal that the Court was not advised against such practice or cited for such by its' past auditing firm. Additionally, the Court would request that the attached detailed letter referencing this finding be reviewed.

The Court has not had ample time and opportunity to research the monetary figures and time periods referred to in the Legislative Auditor's report and thus, is not in a position to concur with such.

UNTIMELY FILING OF EXPENSE REPORTS

The existence of En Banc Order 00-EB5 was unknown to the present Administrative Judge of this Court until February 18, 2004.

The En Banc Order is wholly silent as it relates to any time requirements for the submission of expense reports, unused funds and reimbursements due to the employee or Court.

Heretofore, employees were required to have all expense reports submitted to the Clerk of Court, by the fiscal year's end, which procedure was not objected to by the Court's past internal auditors, who annually performed its audits and exit interviews. It has always been the procedure for the traveler to submit his/her travel expense report, along with any unused funds/reimbursements due. All reimbursements that are due the employee from the Court, have procedurally been remitted after the traveler has submitted his expense report, although no established timeline was set.

The Court is in the process of compiling a comprehensive travel policy, which specifically addresses the reporting of travel expenses for the Monroe City Court and lodging. It provides that:

- Any unused funds advanced to the traveler must be returned within seven business days of that traveler's return, with a letter of explanation, as to why the funds were unused.
- Approval of expense reports must be authorized and signed by the traveler, prior to being submitted to the Clerk/Administrator, and within five business days from the date of return of travel.
- Upon the submission of the expense report, the Clerk/Administrator has seven (7) business days to review it for corrections. Should an error be

Page 4
L. Auditor

noted, the Clerk/Administrator is to forward the expense report back to the traveler for corrections. The traveler then has five(5) business days to make corrections, and resubmit the report to the Clerk/Administrator. The report shall then be forwarded to the Business Manager for processing.

This comprehensive travel policy must first be approved by the Louisiana Supreme Court.

The Court has not had ample time and opportunity to research the monetary figures and time periods referred to in the Legislative Auditor's report and thus, is not in a position to concur with such.

UNAUTHORIZED USE OF RENTAL CARS FOR SEMINAR TRAVEL

The existence of En Banc Order 00-EB5 was unknown to the present Administrative Judge of this Court and the Court's Interim Clerk, until February, of 2004.

Reservations for rentals and the transactions related thereto, were handled by the former Clerk of Court, which duties were undertaken by Interim Clerk Gladys Wilson in May of 2003.

Due to the business relationship that the Court had with Enterprise over the years, upgrades and other courtesies were customarily extended on rentals, while the Court was assessed a seasonal or corporate rate, regardless of the type of vehicle given.

All bill statements for Enterprise rentals were forwarded to Budget Manager Andrews for payment. Mrs. Andrews never advised either the prior or present administration, that the Court was being assessed additional fees for upgrades and/or mileage. She did inform that the Court had traditionally been allotted a standard/corporate rate for vehicles.

In some instances, the Clerk of Court reserved a vehicle for one-full week rather than 4-6 days, as the price quoted for an overall weekly rate was cheaper and thus, more economical for the Court.

Under the past and present administration, the judges of this Court have always been presented with the option of either:

- (a) receiving a mileage advance if a personal vehicle is used; or
- (b) receiving a gasoline reimbursement, if a rental vehicle is used.

Page 5
L. Auditor

This option was granted without regard to the manifestation of any special requirements or conditions.

In light of the Legislative Auditor's interpretation of this Supreme Court provision, the Monroe City Court has requested an opinion or clarification thereof, from the Louisiana Supreme Court, specifically as it relates to the acceptable terms for securing a rental vehicle for seminars.

The Court is scheduled to meet with the representatives of Enterprise Rental regarding some errors detected in the Court's billing.

The Court would request that reference be made to the its' audit reports for the preceding years, which reveal that the Court was not cited for renting vehicles for seminar travel and at the most economical rate. Additionally, the Court would request that the attached detailed letter, referencing this finding be reviewed.

The Court has not had ample time and opportunity to research the monetary figures and quotes referred to in the Legislative Auditor's report and thus, is not in a position to concur with such.

MONROE CITY COURT'S PROBATION OFFICE

The Court is in the process of compiling and adopting a Policy and Procedure Manual for the Probation Office.

The Court has not had ample time and opportunity to research the files and monetary figures used to formulate this finding and thus, is not in a position to concur with such.

CONCLUSION

The Court will move with expediency to adopt the recommendations made by the Legislative Auditor's Office.

The judges of this Court are studying which of the proposals can be implemented by an En Banc Order and which ones require the approval of the Louisiana Supreme Court.

The judges of this Court have conferred and have agreed to undertake a high-level review of the proposals. That process will advance, beginning today, though some of the recommendations have already been implemented, with others to follow within days. Other, more detailed recommendations may require more research and time.

Page 6
L. Auditor

Notwithstanding, the Court shall not wait months or even weeks to act on the Legislative Auditor's recommendations, as the Court is committed to effective, progressive and innovative change.

Monroe City Court has been without a permanent Clerk of Court for the past year, but has since hired an individual who is to begin September 1, 2004. This addition to the Court shall greatly assist the Administrative Judge, specifically, and the Court as a whole, to accomplish these goals.

The Legislative Auditor's Report cited systematic failures, problems that are capable of being corrected.

CITY OF MONROE
Monroe City Court
P.O. Box 777
Monroe, Louisiana 71210

TAMMY D. LEE
JUDGE, DIVISION "A"

TELEPHONE (318) 329-2580
FAX (318) 329-2622

July 27, 2004

Ms. Emily R. Hafner,
Fraud Auditor
Office of Legislative Auditor
State of Louisiana
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: RENTAL CAR INFORMATION/DOCUMENTS

Dear Ms. Hafner:

Relative to our exit meeting on last week regarding the aforementioned, please be advised that all reservations for rentals and transactions related thereto, were handled by former Clerk of Court, Carol Powell-Lexing. Upon the abrupt departure of Mrs. Lexing in May of 2003, these duties were undertaken by Mrs. Gladys Wilson.

Due to the business relationship that the Court had with Enterprise over the years, the former Clerk informed that upgrades and other courtesies were customarily extended on rentals. Moreover, she further informed that the standard rate assessed the Court was a seasonal or corporate rate, regardless of the type of vehicle given.

Please review and compare the bill statements from the *NBA & LA/MS Joint Conferences*, and the *Fall Judges Conference*, wherein a \$37.00 rate was assessed for the Dodge Durango, rented by Mrs. Wilson in August of 2003. In October of 2003, a \$44.00 rate was assessed for the exact vehicle.

This was my first opportunity to fully review these particular bill statements, as they are forwarded directly to Marsha, upon request. Marsha has also advised that the Court's standard/corporate rate was under \$39.00 dollars, as did Mrs. Wilson.

Upon speaking to the Enterprise manager and advising of these conflicts, he agreed to meet with Gladys upon her return to the office on Tuesday, August 3, 2004. The

Page 2

E. Hafner

manager was also advised that additional dates were incorrectly added to final bill statements, specifically as it relates to the October *Fall Judge's Conference*, wherein the Court was assessed a fee for 6 days rather than 5 days, and the *Annual Torts Seminar*, where the Court was assessed a fee for 5 days rather than 4 days.

Further, please be advised that on at least one occasion, and perhaps more, the rental vehicle was returned during the evening hours, but after the Enterprise closing hour, under which circumstances, we were advised to leave the keys in the drop box, next door. In such cases, the Court would always telephone an Enterprise representative in advance, and advise them that the car would be returned that evening. In these instances, although the vehicle was physically returned to Enterprise, the bill statement would lead one to believe that the vehicle was actually returned on the following date.

The manager advised that the aforementioned problems could have occurred due to their company's time clock, which automatically calculates a fee of \$8 per hour, if the vehicle is returned after their 6:00 p.m. closing time. He explained that the computer will automatically assess a full day's fee, if the hours after closing would amount to a higher fee than one day.

Due to the apparent confusion surrounding the aforementioned, the manager agreed to secure the actual files from the central office in Shreveport, as his computer would not provide him with any such information over 6 months.

Relative to the November 2003, *Southern University Law Center/Bayou Classic Seminar*, Mrs. Wilson reserved a vehicle for one full week rather than 6 days, as she was informed that the weekly rate was less and thus, more economical. Please be advised that the vehicle was not utilized for any personal or Court business on the days of December 1-3. The vehicle was checked-out on November 26th, as the conference began at 8:00 a.m. on November 28th, which required departure from Monroe on Thanksgiving evening. Enterprise Rental was closed on Thanksgiving Day, and thus, the car would have been unavailable for pick-up on that Thursday.

Likewise, as it relates to the *NBA & LAMS Joint Conferences*, Mrs. Wilson reserved the vehicle for a full two-week period, rather than 13 days, as the weekly rate was less and thus, more economical. Again, the vehicle was not utilized for any personal or Court business on the days of August 13-15. Moreover, the vehicle was checked-out on August 1st as the NBA conference began on August 2nd, which required my departure from Monroe on August 1st. It was initially thought that August 13th, would be my travel/return date from Mississippi to Monroe; however, while at the conference, the Clerk advised that a hearing had inadvertently been scheduled for me on the 13th, and thus, I departed on August 12th.

Page 3
E. Hafner

Regarding the *Torts Seminar*, Mrs. Wilson reserved the vehicle for a 4-day period, with check-out on December 11th. The Torts conference began at 8:00 a.m. on December 12, which required my departure from Monroe, on December 11th. My travel/return date from New Orleans to Monroe was Saturday, December 13th. However, Enterprise closes its West Monroe store at 12:30 p.m. on Saturdays and accordingly, the vehicle was returned on Monday, December 15th.

Again, referencing the *Fall Judges Conference*, Mrs. Wilson reserved the vehicle for a 5-day period, with check-out on October 3rd. The vehicle was checked-out on this date because neither I, nor my staff, would have been able to secure the vehicle from Enterprise on that particular Saturday, October 4th, between the hours of 8:00 a.m. - 12:30 p.m. Moreover, we inquired as to whether Enterprise would be able to deliver the vehicle on October 4th; however, the representative advised that due to the short and "hectic" work hours on Saturdays, it would be in our best interest to pick-up the vehicle on that Friday, October 3rd in order to make positively certain that I had one.

Finally, as I informed Mr. Morehead at our March 31st, meeting, I was wholly unaware of the Court's 2000 En Banc Adoption of the Supreme Court Policy, until February 18, 2004, when Mrs. Gladys Wilson presented it to me during Court. On that day, Mrs. Wilson also informed that she was unaware that such an Order existed, until Marsha provided it to her that day.

Thus, Mrs. Wilson would not have been at all familiar with the specific provisions relative to car rentals.

Further, immediately upon my review of the same, I contacted the Court's Internal Auditor, Mr. Charles Marchbanks, who similarly advised that he had no knowledge that such a policy existed, nor had he ever been provided with it, upon the commencement of his employ with the Court. Thereafter, I faxed a copy of the En Banc Order to his office, for review.

Finally, since the beginning of my term in 2001, whenever the Clerk of Court was making travel reservations for the judges of this Court, she always questioned as to whether we desired to rent a vehicle or to receive mileage. Thus, it was the belief of this Court, that such was always an option available to the respective judge, without regard to certain special conditions. Judge Smith, who was formerly the Administrative Judge of this Court, also advised that the securing of a rental for seminars was optional.

However, as I informed during our recent meeting, and as Gladys related in her personal interview, she only began reserving vehicles for me, when I began experiencing numerous mechanical problems with my personal vehicle, which problems were further

Page 4
E. Hafner

aggravated by the vehicle's high mileage(230,000). On one such return trip from a New Orleans seminar, in early 2003, my vehicle stopped while I was driving through Baton Rouge and the problem at that time, was determined to be the vacuum/exhaust hose. Because it was a Saturday afternoon, and the Toyota service shops were already closed, I was delayed in Baton Rouge for several hours.

Only after this occurrence, did Gladys began reserving vehicles for my Court travel, as two mechanics advised that while the vehicle was probably okay for local and short-distance trips, they would not trust it on the road for extended travel, until all of the precise problems were detected and corrected. Thus, as the rental bill statements reveal, only during the May -December 2003, period, were vehicles rented on a steady basis, for my seminar travel. Prior to that time, and since 2001, my personal vehicle was the primary means of transportation for judicial seminars.

Yet, again, I utilized this mode of personal travel, not because I thought that it was the only avenue available, but because, in most instances, it was more convenient than having to transfer numerous items from one vehicle to another at the beginning and end of a seminar trip.

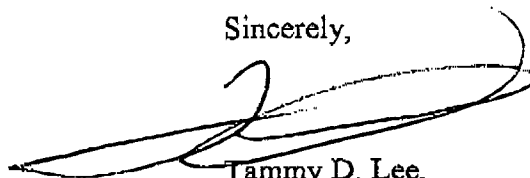
However, in light of the vast interpretations of the provision relative to travel in the Court's En Banc Order, the judges of this Court instructed Mrs. Wilson, to forward a letter to the Supreme Court, requesting a strict and detailed explanation of the rule, specifically as it relates to "extraordinary circumstances." Prior to the commencement of her medical leave, she did prepare and forward such a letter; yet, to date, we have not received a response.

If you have any additional questions, please contact me directly at 318-355-0555.

I await your response regarding these issues.

With best regards, I remain

Sincerely,



Tammy D. Lee,
Administrative Judge

cc: Mr. Daryl Purpera
Mr. John Morehead

CITY OF MONROE
Monroe City Court
P.O. Box 777
Monroe, Louisiana 71210

TAMMY D. LEE
JUDGE, DIVISION "A"

TELEPHONE (318) 329-2580
FAX (318) 329-2622

July 30, 2004

Ms. Emily Hafner,
Fraud and Abuse Audit Division
Office of Legislative Auditor
State of Louisiana
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: FINDINGS RELATIVE TO CREDIT CARD EXPENDITURES/TRAVEL

Dear Ms. Hafner:

Pursuant to our exit interview regarding the aforementioned, I would request that the following be reviewed:

2002 Annual Southern University Law Center CLE Seminar

I would first request that all letters attached to the expense reports be reviewed, as they thoroughly explain the circumstances surrounding the charges assessed to former Clerk of Court Lexing's, court-issued card. However, in the event that your office did not receive each of these letters, I shall gladly forward them by facsimile.

Notwithstanding, I shall herein, again, relate the facts and circumstances surrounding the transaction.

Reservations were made at the Hyatt Hotel in New Orleans by two individuals, Mrs. Lexing and my secretary, Ms. Letesa Dunn. Unbeknownst to either my secretary or me, upon receiving the seminar information from the Southern University Law Center, Mrs. Lexing made the reservations and assessed the full stay to her Court-issued card. Meanwhile, my secretary had also made reservations at the Hyatt, for this conference.

Page 2
E. Hafner

The Budget Officer, Mrs. Marsha Andrews, had no knowledge either of the former Clerk's actions and thus, when Ms. Dunn prepared and forwarded the travel request form, she requested an advance for lodging among others. This request was approved and a check was provided for mileage, meals and lodging.

At check-in, the clerk asked about the method of payment for my stay, at which time I produced my personal debit card, which was swiped to secure the room. Upon checking-out on December 1, 2002, the clerk asked if I desired to leave all charges on my card, and I advised that I did.

Please be advised that not at any time during my stay, did the hotel clerk or anyone associated therewith, inform me that my lodging had been prepaid. Further, the clerk did assess a charge to my personal card at check-out.

Upon completing the report, and gaining Mrs. Lexing's approval thereof, it was submitted to Marsha on April 2, 2003. This report showed that I claimed one night's lodging for \$167.98 dollars and that the remaining unused lodging fee was returned to the Court, as I did not stay on Thursday night, November 28th, as originally scheduled.

Subsequent thereto, it was discovered that Mrs. Lexing had actually prepaid my stay in order to receive the Southern University Law Center Seminar block discount. When informed of such, I requested that Marsha further research the matter, because I too, had used my personal card to finance the stay. Likewise, Letesa had made reservations for me using another Court card.

The results revealed that the reservations made by Letesa, had been overridden in some way by those made by Mrs. Lexing, subsequent thereto. Thereafter, Marsha was asked to determine whether Mrs. Lexing's card had been credited for the Friday night's stay and valet, as the Friday night arrival had been cancelled until Saturday morning. I personally checked with the hotel on this specific issue to make certain that a no-show fee had not been assessed, only to be informed that their records showed no reservations for me on November 28th, anyway.

I am certain that you can see the mass confusion relative to this seminar; however, the final report of July 24, 2003, and ensuing letters are evidence of the great effort that was put forth to resolve such.

Most significant, however, is that I did not authorize or have any knowledge whatsoever that a prepayment for this stay had been made by former Clerk Lexing, and with her court-issued card. This seminar was held in November of



WINDSOR COURT HOTEL
NEW ORLEANS



LEE, JUDGE TAMMY
LOUISIANA JUDICIAL COLLEGE
P.O. BOX 777
MONROE, LA 71201

Room Number: 607
Daily Rate: 230.00
Room Type: FSK
No. of Guests: 1 / 0

ARRIVAL	DEPARTURE	CREDIT CARD	RATE PLAN	CATEGORY	ACCOUNT
8/8/02	8/9/02	XXXX XXXX XXXX 0726	3RTV	1CDS	161908

DATE	ROOM NO.	DESCRIPTION	REFERENCE	AMOUNT
8/8/02	607	CASH	CASH	(\$725.00)
8/8/02	607	PARKING	ONE CAR VALET	\$20.00
8/8/02	607	ROOM CHARGE	#607 LEE, JUDGE TAMMY	\$230.00
8/9/02	607	ROOM SERVICE	607/2965/09:00/ROOM SERVICE	\$26.27
8/9/02	607	PAID OUT	PAID OUT	\$448.73

\$500 additional charged / Cash Payment

TOTAL DUE: _____ \$0.00

TERMS: DUE AND PAYABLE UPON PRESENTATION. I AGREE THAT MY LIABILITY FOR THIS BILL IS NOT WAIVED AND AGREE TO BE HELD PERSONALLY LIABLE IN THE EVENT THAT THE INDICATED PERSON, COMPANY OR ASSOCIATION FAILS TO PAY FOR ANY PART OR THE FULL AMOUNT OF THESE CHARGES.



City Court City of Monroe

P.O. BOX 777
MONROE, LOUISIANA 71210
TELEPHONE (318) 329-2580
FAX (318) 329-2622

RECEIVED
MAY 07 2004

FILE COPY
CAMPBELL POWELL LEKINS CLERK COURT
ADMINISTRATOR
MARSHA C. ANDREWE, BUSINESS MANAGER

TAMMY D. LEE, JUDGE DIVISION "A"
SCOTT LEON, JUDGE DIVISION "B"
DARYL BLUE, JUDGE DIVISION "C"

April 30, 2004

Louisiana Supreme Court
Att: Mr. Hugh M. Collins, Judicial Administrator
1555 Poydras Street, Suite 1540
New Orleans, LA 70112-3701

RE: Clarification of Travel Policy

Dear Mr. Collins:

Per the Supreme Court General Administrative Rules, Part G, Section 1(d), our court is in the process of adopting a restrictive travel policy to control the reimbursement or payment of public funds for travel expenses for meetings. In our efforts to be in compliance with the aforementioned, I am writing to request clarification of the "Rental Car Usage" as mandated by the Supreme Court's Order. Specifically, we are inquiring as to the terms that are acceptable, that define the usage of a rental vehicle.

Also, we have not received any information in regard to the Summer School for Judges, in Destin, as it relates to the dollar amount that may be spent on lodging; therefore, any assistance that you may offer in these matters will be greatly appreciated.

see memo

Sincerely,

Gladys Nelson-Wilson
Interim Clerk of Court

cc Judge Tammy D. Lee



SCOTT LEEHY
JUDGE, DIVISION B

CITY OF MONROE

Monroe City Court

P.O. BOX 777

Monroe, Louisiana 71210

TELEPHONE (318) 329-2580
FAX (318) 329-2622

August 12, 2004

Steve J. Theriot, CPA
Legislative Auditor
Office of the Legislative Auditor
State of Louisiana
P. O. Box 94397
Baton Rouge, LA 70804-9397

Re: Louisiana Legislative Auditor's report relating to travel expenses and probation.

Dear Mr. Theriot:

I have received and reviewed your findings related to travel expenses and the Monroe City Court Probation Department. I am in agreement with your findings and recommendations. However, I strongly disagree with and therefore do not join as a signatory on the "management response" of Monroe City Court.

The management response was prepared entirely by Tammy Lee, Administrative Judge of Monroe City Court and the focus of this investigation. In her response, Judge Lee has offered nothing but excuses for intolerable abuses involving taxpayer's funds.

Judge Lee has stated on numerous occasions in media interviews and statements to media outlets that this court has no comprehensive travel policy, and now states in her response, that she was unaware of the existence of a travel policy until February 18, 2004. As Administrative Judge, she had a duty to this Court and the public to become familiar with all policies and procedures, and if she deemed these policies to be inadequate, to take affirmative steps to rectify the inadequacies.

The simple truth of the matter is that Monroe City Court has been governed by comprehensive travel policies since at least 1997, when I took office. Since July 11, 2000, this Court has been governed by travel regulations drafted by The Supreme Court of Louisiana, the plenary authority over all courts of this state. These regulations are comprehensive, but even the most comprehensive of policies cannot provide a guarantee against fraud and abuse. This is particularly true of someone, like Judge Lee, who has the keys to the treasury.

The facts related to Judge Lee's misuse of public funds are as follows:

1) It is a fact that Judge Lee compelled Marsha Andrews, Business Manager for Monroe City Court, to remit payment for duplicate travel expenses without supporting documentation, despite Mrs. Andrews' concerns about the legality of such actions; 2) It is a fact that Charles Marchbanks, CPA and independent auditor to Monroe City Court, warned Judge Lee in an exit interview with the three judges last year that the failure to reimburse excess travel expenses immediately upon return from travel was illegal; 3) It is a fact that Carol Powell-Lexing, the former Clerk of Court for Monroe City Court, was forced to submit a memorandum to Judge Lee on November 26, 2002 requesting that Judge Lee comply with the Court's policy of having expense reports filed within three days of return from travel, and in the same memorandum, having to request the filing of four expense reports dating back to July 24, 2002; and 4) It is a fact that Marsha Andrews was forced to make numerous requests of Judge Lee to prepare and file expense reports that were often many months overdue, and that Judge Lee often admonished her for her persistence in requesting compliance, and that Judge Lee ultimately reassigned travel expense duties to another employee.

It has never been the policy of Monroe City Court to allow judges or other employees until the end of the Court's fiscal year to prepare and file travel expense reports. This is particularly true of a situation in which the judge is retaining several thousand dollars of taxpayer's funds that were obtained through travel advances and duplicate office credit card charges. Taking this logic to the extreme would allow a judge to estimate his or her yearly travel expenses at the beginning of the fiscal year, obtain an advance for that amount, and then refund any remaining funds at the end of the fiscal year. Clearly this would constitute an illegal loan in violation of our state's Constitution. Is it no less a violation to follow a policy that would allow a judge to charge expenses to the Court's credit card after having received advances for those same expenses, and then refund the money only after having enjoyed to use of those funds interest free for up twelve months? The Attorney General of Louisiana has addressed similar concerns in Opinion Number 03-0393 by stating that "(i)n our opinion, La. Const. Art, VII, Sec. 14 and LSA-R.S. 42:1461(A) are clearly violated when a public official or employee converts public funds to his or her own personal use by failing to immediately refund unused or un-reimbursed travel advances." In that same opinion, the Attorney General opines that "(i)mproper administration of public funds and property can give rise to an action for malfeasance in office."

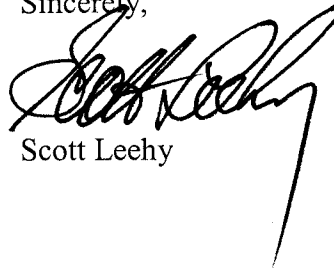
I have always been taught that it is important to be honest in your dealings with others. I also believe that those of us who have been entrusted with public office are bound to a higher standard of honesty. This is particularly true of the judiciary; because of the three branches of government, public trust in the judiciary is the most fragile.

Your report reflects that I made errors in expense reports on two occasions over the past five years totaling \$110.00. I am offering no excuses for these errors. At the time I was reimbursed for these expenses, I believed them to be proper expenditures, and

they were approved by both the Administrative Judge and the Business Manager. I have reimbursed the Court for these errors.

Again, I am forwarding this response to your office because I disagree with the "management response" submitted by Judge Lee. If you require further information, please contact me at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Leehy", with a long vertical line extending downwards from the end of the signature.

Scott Leehy