

I. EXECUTIVE SUMMARY

The mission of the Municipal Court of New Orleans (Municipal Court or the Court) is to administer justice in cases involving alleged violations of the City of New Orleans Ordinances (City Code), except traffic violations.

Louisiana state law granted the Municipal Court the authority to impose fines not to exceed \$500 for each violation of the City Code.¹ In addition to the collection of fines for violations of the City Code, the legislature also provided for a myriad of other costs and fees to be collected by the Court.²

State law and the City Code required the Municipal Court to remit all collected fines, fees, penalties, costs and forfeitures to the City's Department of Finance; fines, penalties, and forfeitures were to be remitted daily.³ The City Code required forfeited bonds to be paid into a special fund, the "municipal court judicial expense fund" (JEF), to be administered by the Municipal Court judges for expenses relating to the operation of the Court. If the JEF had a surplus at the end of the year, one-half of the surplus would be retained in the JEF and the other half remitted to the City's General Fund.⁴

The Municipal Court received most of its funding from the City's General Fund. In 2009, the Court's budget was more than \$3 million, which included the City's appropriation of \$1.8 million from the General Fund. The Municipal Court used the City's entire appropriated amount for payroll. The Court also retained and used \$1.2 million received from fines, fees, penalties, costs and forfeitures for payroll and operations. The fines, fees, penalties, costs and forfeitures should have been remitted to the City as required by state law and the City Code. (See Table 1) The Municipal Court was not in compliance with state law and the City Code by not remitting fines, fees, penalties, costs and forfeitures to the City for fiscal year 2009. The City's Department of Finance was aware of this historical long-standing custom.

Four elected judges with staggered eight-year terms managed the Municipal Court. Under state law, the judges had the authority to adopt rules and regulations that govern the Municipal Court's operations.⁵

The Office of Inspector General conducted a performance audit (audit) of the Municipal Court's remittances to the City for the period January 1, 2009 through December 31, 2009.

¹ Except in cases involving certain environmental pollution violations that may not exceed \$1,000 per violation, or unless otherwise authorized by law. La. R.S. 13:2500.

² See Table 1 for an outline of fines, fees and costs that the Court must collect and remit to the City. This Table does not include third party costs.

³ La. R.S. 13:2501; City Code Section 50-104.

⁴ Section 50-6 of the City Code states, "One-half shall be retained in the judicial expense fund and the remaining one-half shall be remitted to the city general fund."

⁵ La. R.S. 13.2494.

The objective of this audit was to evaluate the propriety and completeness of the amounts paid to the City by the Municipal Court and audit the Court's operating expenses which impact the surplus calculation.

Our audit revealed that the Municipal Court failed to remit the fines, fees, penalties, costs and forfeitures it collected to the City as required by law.⁶ The City also failed to perform an annual audit of the Municipal Court's JEF and quarterly audits of fines and cash bond collections as required by law.⁷

During our audit of certain expenses, it was noted that the Municipal Court's practices and policies warranted further development to strengthen the Municipal Court's administrative and fiscal efficiency.

The recommendations in this audit report, if adopted, should improve the City and Municipal Court's accountability and reduce the risk of fraud, waste and abuse.

The Court appears to have completely agreed with five of the findings per their responses in Section VI. Although the Court did not fully agree or disagree with the other findings, the Court's responses suggest that legislative action is needed to rectify the issues relating to the other findings.

The City agreed with Finding #1 and #3 and committed to work with the Municipal Court "to develop a set of changes to city ordinances...." The other findings did not directly relate to the City.

All responses by the Court and the City in the body of this report are direct statements and have not been modified.

⁶ In 2009, the Municipal Court collected an adjusted amount of \$1,125,292 in fines, fees, and forfeitures.

⁷ City Code Sections 50-6 and 50-105.