

Fifth Judicial District Office of Public Defender  
Parishes of West Carroll, Richland, and Franklin, Louisiana

Financial Statements  
For the Year Ended June 30, 2017

Fifth Judicial District Office of Public Defender  
 Financial Statements  
 For the Year Ended June 30, 2017

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**WADE & PERRY**  
Certified Public Accountants  
A Professional Accounting Corporation  
Members: AICPA/ Society of LCPA's

Independent Auditor's Report

Fifth Judicial District Office of Public Defender  
Parishes of West Carroll, Richland and Franklin, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Fifth Judicial District Office of Public Defender ("Office"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Office, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-5 and 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

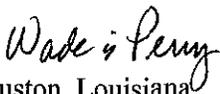
### *Other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's basic financial statements. The Schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of compensation, benefits, and other payments to agency head are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of compensation paid elected officials and schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 9, 2018, on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control over financial reporting and compliance.

  
Ruston, Louisiana  
July 9, 2018

Fifth Judicial District Office of Public Defender  
Management Discussion and Analysis  
June 30, 2017

The management of the Fifth Judicial District Office of Public Defender (Office) offers readers of the Office's financial statements this narrative overview and analysis of the financial activities of the Office for the year ended June 30, 2017. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Office's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Office's finances. It is also intended to provide readers with an analysis of the Office's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Office. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Office's financial activity, identify changes in the Office's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

### **Overview of the Financial Statements**

This section is intended to serve as an introduction to the Office's financial statements. The Office's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

#### Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Office's financial position and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the Office's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Office is improving or weakening.

The statement of activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected fines).

#### **Government-wide Financial Analysis**

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent twelve months, the Office's assets exceeded its liabilities by \$175,395 (net position); this represents an increase of \$134,143 from the last fiscal year. Of this total net asset amount, \$174,495 is unrestricted net position. The Fund's net position is comprised of \$175,395 from governmental activities.

The following is a condensed statement of the Fund's governmental-type activities net position as of June 30, 2017:

Fifth Judicial District Office of Public Defender  
Management Discussion and Analysis  
June 30, 2017

	<u>2017</u>	<u>2016</u>
Assets		
Current & Other Assets	\$203,697	\$40,252
Capital Assets (net)	900	1,000
Total Assets	<u>\$204,597</u>	<u>\$41,252</u>
Liabilities		
Other Liabilities	\$29,202	\$0
Long-term Liabilities	0	0
Total Liabilities	<u>29,202</u>	<u>0</u>
Net Position		
Invested in capital assets, net	900	1,000
Unrestricted	<u>174,495</u>	<u>40,252</u>
Total Net Position	<u>\$175,395</u>	<u>\$41,252</u>

The Office has unrestricted net position of \$174,495, which may be used to meet the government's on-going obligations to citizens and creditors.

The Office had no long-term debt.

The following is a summary of the governmental-type activities from the statement of activities:

	<u>2017</u>	<u>2016</u>
Revenue		
Program Revenue	\$324,893	\$255,504
General Revenue & Transfers	260,977	144,829
Total Revenue	<u>\$585,870</u>	<u>\$400,333</u>
Expenses		
Judicial	\$390,897	\$343,543
General & Administrative	60,830	51,082
Total Expenses	<u>451,727</u>	<u>394,625</u>
Increase (Decrease) in Net Position	134,143	5,708
Net Position , beginning	<u>41,252</u>	<u>35,544</u>
Net Position , ending	<u>\$175,395</u>	<u>\$41,252</u>

Total revenues increased \$185,537 from the prior year. Expenses increased \$57,102 from the prior year.

Governmental Activities

The governmental activities of the Office include Judicial activities. Revenues associated with support for indigent defenders such as fees and grants are sufficient for the funding of these activities.

Business-type Activities

The fund has no business-type activities.

Fifth Judicial District Office of Public Defender  
Management Discussion and Analysis  
June 30, 2017

**Fund Financial Statements - Governmental Funds**

The fund financial statements provide more detailed information about the Office's most significant funds - not the Office as a whole. Funds are accounting devices that the Office uses to keep track of specific sources of funding and spending for a particular purpose.

The Office adopts an annual budget for the General Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund is presented in the Required Supplemental Information (Schedule 1), which compares actual revenues and expenditures to the original budget and amended budget figures.

Financial Analysis of the Fund's Governmental Funds

The Office's governmental fund (General Fund) reported an ending fund balance of \$174,495, which is an increase of \$134,243. The entire ending fund balance of \$174,495 is unreserved.

General Fund Budgetary Highlights

The Fund did not amend the original General Fund budget during the course of the year.

The difference between the General Fund final budgeted revenues and actual revenues for the year ended June 30, 2017, totaled \$164,568, a positive variance. The actual expenditures were more than the final budgeted expenditures for the year ended June 30, 2017, by \$30,665, a negative variance by 7%.

Capital Asset and Debt Administration

The Fund has no debts related to capital assets or debt in the current year.

Current Financial Factors

The Fund is working diligently to gain more revenue while decreasing expenses.

Requests for Information

This financial report is designed to provide a general overview of the Fund's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Fifth Judicial District Office of Public Defender  
PO Box 717  
Rayville, LA 71269

**Basic Financial Statements**

Fifth Judicial District Office of Public Defender  
Statement of Net Position  
As of June 30, 2017

## ASSETS

Cash and equivalents	\$178,353
Receivables	25,344
Capital assets (net)	<u>900</u>
Total Assets	<u>\$204,597</u>

## LIABILITIES

Accounts payable	\$29,202
Prepaid Revenue	<u>0</u>
Total Liabilities	29,202

## NET POSITION

Net investment in capital assets	900
Unassigned	<u>174,495</u>
Total Net Position	<u>\$175,395</u>

The accompanying notes are an integral part of this statement.

Fifth Judicial District Office of Public Defender  
Statement of Activities  
For the Year Ended June 30, 2017

## EXPENSES

## Judiciary:

Public defender fees and expenses	\$390,897
Operating expenses	<u>60,830</u>
Total Expenses	451,727

## PROGRAM REVENUES

Court costs on fines	<u>324,893</u>
Net Program Expense	(126,834)

## GENERAL REVENUES

Investment earnings	4
Direct assistance funds	<u>260,973</u>
Total General Revenues	<u>260,977</u>

## EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES

134,143

## Net Position - Beginning

41,252

## Net Position - Ending

\$175,395

The accompanying notes are an integral part of this statement.

Fifth Judicial District Office of Public Defender  
 Balance Sheet, Governmental Fund  
 June 30, 2017

	ASSETS	<u>General Fund</u>
Cash and cash investments		\$178,353
Receivables		25,344
Other assets		<u>0</u>
TOTAL ASSETS		<u>\$203,697</u>
	LIABILITIES AND FUND BALANCES	
Liabilities:		
Accounts, salaries, and other payables		<u>\$29,202</u>
Total liabilities		<u>29,202</u>
Fund balance - unassigned		<u>174,495</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$203,697</u>

Reconciliation to Statement of Net Position:

The accompanying notes are an integral part of this statement.

Fifth Judicial District Office of Public Defender  
 Reconciliation of The Governmental Funds Balance Sheet  
 to The Government-Wide Financial Statement of Net Position  
 June 30, 2017

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Fund balances, Total governmental funds (Statement C)		\$174,495
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Governmental capital assets	12,430	
Less accumulated depreciation	<u>(11,530)</u>	<u>900</u>
Total Net Position of Governmental Activities (Statement A)		<u><u>\$175,395</u></u>

The accompanying notes are an integral part of this statement.

Fifth Judicial District Office of Public Defender  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2017

	<u>General Fund</u>
REVENUES	
Court costs on fines	\$324,893
Direct assistance funds	260,973
Use of money and property	4
Total Revenues	<u>585,870</u>
EXPENDITURES	
Judiciary:	
Public defender fees and expenses	390,897
Operating expenses	60,730
Capital outlay	0
Total Expenditures	<u>451,627</u>
Excess (Deficiency) of Revenues over Expenditures	134,243
Fund Balances – beginning	40,252
Prior period adjustment	0
Fund Balances – ending	<u>\$174,495</u>

The accompanying notes are an integral part of this statement.

Fifth Judicial District Office of Public Defender  
Reconciliation of The Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2017

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental funds (Statement E) \$134,243

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$0) exceeded depreciation (\$100) in the current period.

(100)

Change in Net Position of Governmental Activities, Statement B

\$134,143

The accompanying notes are an integral part of this statement.

Fifth Judicial District Office of Public Defender  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2017

## INTRODUCTION

The Fifth Judicial District Office of Public Defender (The Office), established in compliance with Louisiana Revised Statutes 15:144-149, provides council to represent indigents (needy individuals) in criminal and quasi-criminal cases at the district level. The judicial district encompasses the parishes of West Carroll, Richland and Franklin. House Bill No. 436, adopted in the 2007 Regular Legislative Session created Louisiana Public Defender Funds within each judicial district, transferring all obligations, duties, powers, and responsibilities from the previous boards. Revenues to finance the Office's operations are provided primarily from court costs on fines imposed by the various courts within the district. The Office has one employee, and has contracts with its District Defender and other attorneys to provide legal services to indigents.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Fifth Judicial District Office of Public Defender have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

#### B. REPORTING ENTITY

The office of public defender is part of the operations of the Louisiana Public Defender Board. The accompanying financial statements present information only on the funds maintained by the Fifth Judicial District Office of Public Defender.

#### C. FUND ACCOUNTING

The Fifth Judicial District Office of Public Defender uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain board functions or activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

#### Governmental Funds

Governmental funds account for all or most of the Office's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Office. The following are the Office's governmental funds:

General fund - the primary operating fund of the Office and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Office policy.

Fifth Judicial District Office of Public Defender  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2017

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances report on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Office operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, 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 pay liabilities of the current period. Office considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Court costs on fines and forfeitures are recorded in the year they are collected by the appropriate courts. Fees from indigents are recorded when received. Interest income is recorded in the year in which it is earned.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Office as a whole. These statements include all the financial activities of the Office. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the Statement of Activities are derived directly from Office users as a fee for services; program revenues reduce the cost of the function to be financed from the Office's general revenues.

E. BUDGETS

The Office uses the following budget practices:

The Office adopted a budget for the year ended June 30, 2017 for the General fund. The Office follows the following procedures in establishing the budgetary data reflected in the financial statements. During the May meeting, the chief public defender submits to the board members a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of

Fifth Judicial District Office of Public Defender  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2017

financing them. During the June meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The chief public defender is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the board members. Appropriations lapse at the end of the year.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Office may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Office's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

GASB Statement No. 31 requires the Office to report investments at fair value in the balance sheet, except as follows:

1. Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, should be reported using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors.
2. The Office may report at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or other factors. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

H. COMPENSATED ABSENCES

The Office does not have a formal leave policy.

I. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

J. FUND EQUITY

GASB 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds. The nonspendable fund balance classification includes amounts that cannot be spent

Fifth Judicial District Office of Public Defender  
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because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

*Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors contributors, or laws or regulations of other governments.

*Committed* - amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

*Assigned* - amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Unassigned* - all other spendable amounts.

When both restricted and unrestricted resources are available for use, it is the Office's policy to use externally restricted resources first, then unrestricted resources - committed, assigned and unassigned - in order as needed.

#### K. CAPITAL ASSETS

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Office maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives: Equipment 5-10 years

#### L. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

#### 2. CASH AND CASH EQUIVALENTS

At June 30, 2017, the Office has cash and cash equivalents (book balances) totaling \$178,353 as follows:

Fifth Judicial District Office of Public Defender  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2017

Interest-bearing demand deposits	\$178,353
Time deposits - investments	<u>0</u>
Total	<u><u>\$178,353</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2017, the Office had \$178,353 in deposits (collected bank balances). These deposits are secured from risk by \$178,353 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 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 Office that the fiscal agent has failed to pay deposited funds upon demand.

### 3. RECEIVABLES

The receivables of \$25,344 at June 30, 2017, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>
Richland court costs on fines	\$16,077
Franklin court costs on fines	4,222
West Carroll court costs on fines	2,526
Municipal court	1,559
Assessment	<u>960</u>
Total	<u><u>\$25,344</u></u>

### 4. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$29,202 at June 30, 2017, consisted of accounts payable of \$27,479 and payroll liabilities of \$1,723.

### 5. DISTRICT FUNDS

The Office received District Funds in the amount of \$260,973 during the year ended June 30, 2017 to assist in providing operating revenues.

Fifth Judicial District Office of Public Defender  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2017

6. CAPITAL ASSETS

Capital assets and depreciation activity for the year ended June 30, 2017, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Machinery and equipment	\$12,430			\$12,430
Accumulated depreciation	<u>11,430</u>	<u>\$100</u>		<u>11,530</u>
Total capital assets being depreciated, net	<u>\$1,000</u>	<u>(\$100)</u>	<u>\$0</u>	<u>\$900</u>

7. RISK MANAGEMENT

The Fifth Judicial District Office of Public Defender may have various suits which are brought against the practicing attorneys who are retained to plead the indigent cases before the Fifth Judicial District Court. Insurance which is necessary for the protection of the individual attorneys is purchased and paid by each attorney. The Fifth Judicial District Office of Public Defender has not paid any malpractice insurance premiums.

8. MANAGEMENT REVIEW

Subsequent events have been evaluated through July 9, 2018. This date represents the date the financial statements were available to be issued.

**5th District Indigent Defender Fund**  
**Note 9 - Governmental Fund Revenues and Expenditures**

For the year ended June 30, 2017, the major sources of governmental fund revenues and expenditures were as follows:

**REVENUES:**

<b>State Government</b>		
District Assistance Funds	260,973	
Other	-	
Total	<u>                    </u>	260,973
<b>Local Government</b>		
Statutory fines, forfeitures, fees, court costs, and other	324,893	
Other		
Total	<u>                    </u>	324,893
<b>Federal Government</b>		
Grants - direct		
Grants - indirect (passed-through state)		
Total	<u>                    </u>	-
<b>Other Grants and Contributions</b>		
Other		
Total	<u>                    </u>	-
<b>Charges for Services</b>	-	
<b>Investment earnings</b>	4	
<b>Miscellaneous</b>		<u>                    4</u>
<b>Total Revenues</b>		<u><u>                    585,870</u></u>

**EXPENDITURES:**

<b>Personnel Services and Benefits</b>		
Salaries	-	
Payroll taxes	-	
Other	-	
Total	<u>                    </u>	-
<b>Professional Development</b>		
Dues, licenses, and registrations		
Travel		
Other		
Total	<u>                    </u>	-
<b>Operating Costs</b>		
Library and research		
Contract services - attorney/legal	390,897	
Contract services - other	8,552	
Lease - office	1,750	
Lease - autos and other	150	
Travel - transportation	2,800	
Travel - other	347	
Supplies	4,719	
Utilities and telephone	1,559	
Other	40,853	
Total	<u>                    </u>	451,627
<b>Debt Service</b>	-	
<b>Capital outlay</b>	-	<u>                    -</u>
<b>Total Expenditures</b>		<u><u>                    451,627</u></u>

REQUIRED SUPPLEMENTAL INFORMATION

Fifth Judicial District Office of Public Defender  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget  
(GAAP Basis) and Actual  
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> GAAP Basis	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES				
Court costs on fines	421,302	421,302	585,866	164,564
Investment Earnings			4	4
Miscellaneous				0
Total Revenues	<u>421,302</u>	<u>421,302</u>	<u>585,870</u>	<u>164,568</u>
EXPENDITURES				
Public defender fees and expenses	391,572	391,572	\$390,897	675
Operating expenses	<u>29,390</u>	<u>29,390</u>	<u>60,730</u>	<u>(31,340)</u>
Total Expenditures	<u>420,962</u>	<u>420,962</u>	<u>451,627</u>	<u>(30,665)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	340	340	134,243	133,903
Fund Balance at Beginning of Year	<u>200</u>	<u>200</u>	<u>40,252</u>	<u>40,052</u>
Fund Balance at End of Year	<u>\$540</u>	<u>\$540</u>	<u>\$174,495</u>	<u>\$173,955</u>

(1) explanation of material variances - underbudgeted operating expenses

The accompanying notes are an integral part of the schedule.

Fifth Judicial District Office of Public Defender  
Schedule of Compensation, Benefits and Other Payments  
to Agency Head or Chief Executive Officer  
For the Year Ended June 30, 2017

Schedule 2

Agency Head Name: Dawn H. Mims (Former Chief), Robert S. Noel, II (Interim Chief)

Purpose	<u>D. Mims</u>	<u>R. Noel</u>
Professional fees	\$33,667	\$18,000
Reimbursements	0	147

**WADE & PERRY**  
Certified Public Accountants  
A Professional Accounting Corporation  
Members: AICPA/ Society of LCPA's

Report on Compliance and Other Matters and on Internal Control  
over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Fifth Judicial District Office of Public Defender  
Rayville, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Fifth Judicial District Office of Public Defender ("Office") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements, and have issued our report thereon dated July 9, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Office's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be significant deficiencies. 2017-1

## **Compliance and Other Matters**

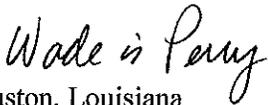
As part of obtaining reasonable assurance about whether the Office's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2017-2 and 2017-3.

## **Office's Response to Findings**

Office's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Office's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ruston, Louisiana  
July 9, 2018

Fifth Judicial District Office of Public Defender  
 Schedule of Findings and Responses  
 For the Year Ended June 30, 2017

We have audited the financial statements of Fifth Judicial District Office of Public Defender as of and for the year ended June 30, 2017, and have issued our report thereon dated July 9, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of July 9, 2018 resulted in an unqualified opinion. The following is a summary of our audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*:

**A. Summary of Audit Results**

1. Report on Internal Control and Compliance Material to the Financial Statements

	Internal Control	<u>Yes</u>	<u>No</u>
Material Weaknesses			X
Significant Deficiency		X	
	Compliance		
Compliance Material to Financial Statements		X	

2. Federal Awards - N/A

3. Identification of Major Programs:

None

## **B. Financial Statements Findings**

### 2017-1. Significant deficiency in internal controls for disbursements

Condition: Twenty-three of 40 selected disbursements selected did not have supporting documentation. Forty-three missing checks, duplicate check numbers, or voided checks could not be provided for examination.

Criteria: Internal controls should be set up for all areas.

Cause: All supporting documentation not maintained in central location.

Effect: Internal control violation.

Recommendation: Office should maintain adequate documentation for all disbursements.

Response: The Office will start keeping all supporting documentation in central location. A new chief, clerk, and outside accountant have been put in place since the fiscal year end.

### 2017-2. Local government budget law violation

Condition: For the year ended June 30, 2017, actual expenditures exceeded budgeted expenditures by \$30,665, or more than 5%.

Criteria: According to LRS 39:1310, failing to amend the budget when necessary is a violation of the local government budget act.

Cause: Management underbudgeted operating expenditures.

Effect: Noncompliance with local budget law

Recommendation: We recommend that the Office monitor budget and actual figures and amend when an unfavorable variance is greater than 5%.

Response: The Office will monitor budget and actual comparisons and amend the budget as necessary.

Response: Management concurs with the recommendation and will implement as soon as possible.

### 2017-3. Late submission of audit report

Condition: The Office submitted the audit report after December 31, 2017.

Criteria: LRS 24:513A(5)(a)(I)

Cause: Former clerk and chief defender left employment and new clerk, new chief and outside accountant had to get all things ready for audit and procedures in place.

Effect: Misstatements in the financial statements may not be detected and the Office could not make educated, informed decisions.

Recommendation: We recommend the Office have all financial information ready and available to the auditor in order to have the audit performed timely.

Response: Management concurs with the recommendation and will implement as soon as possible.

**C. Federal Award Findings and Questioned Costs**

None

Fifth Judicial District Office of Public Defender  
Summary of Prior Year Findings  
For the Year Ended June 30, 2017

**A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

2016-1. Payroll funds reported incorrectly

Status: Resolved

2016-2. Lack of segregation of duties

Status: Resolved

2016-3. Late audit report submission

Status: Unresolved - see 2017-3

**B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

None

**C. MANAGEMENT LETTER**

None

# WADE & PERRY

Certified Public Accountants  
A Professional Accounting Corporation  
Members: AICPA/ Society of LCPA's

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Chief  
of Fifth Judicial Office of the Public Defender and  
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Fifth Judicial Office of the Public Defender (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### Written Policies and Procedures

---

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

The entity does not have written policies and procedures regarding budgeting.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The entity does not have written policies and procedures regarding purchasing.

c) **Disbursements**, including processing, reviewing, and approving

The entity does not have written policies and procedures regarding disbursements.

- d) **Receipts**, including receiving, recording, and preparing deposits  
The entity does not have written policies and procedures regarding receipts.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.  
The entity does not have written policies and procedures that address the functions noted above.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process  
The entity does not have written policies and procedures regarding contracting.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage  
The entity does not have written policies and procedures regarding credit cards.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers  
The entity does not have written policies and procedures regarding travel and expense reimbursement.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.  
The entity does not have written policies and procedures regarding ethics.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.  
The entity does not have written policies and procedures regarding debt service.

***Board (or Finance Committee, if applicable)***

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2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.  
The entity does not have a board or committee and is not required to. The above functions do not apply.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The entity does not have a board or committee and is not required to. The above functions do not apply.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The entity does not have a board or committee and is not required to. The above functions do not apply.

### ***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Management provided a listing of bank accounts and provided representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

All bank reconciliations have been prepared for all the months in the fiscal period.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

There is no evidence that a member of management, with no involvement in the transactions associated with the bank account, has reviewed the bank reconciliations.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

There were not any items that were outstanding for more than 6 months at the end of the fiscal year.

### ***Collections***

---

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Management provided a listing of collection locations and management represented that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

(1) bonded – it is unknown by current management if the employee in charge of collecting cash during the fiscal year ending June 30, 2017 was bonded or not.

(2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party) – management has asserted that the one employee, Autumn Castleberry, was responsible for collecting cash and making deposits. It is unknown by current management who was responsible for recording the related transactions and who was reconciling the bank account

(3) not required to share the same cash register or drawer with another employee – management has asserted that there was only one employee in charge of collecting cash.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The entity has written documentation in the form of reconciliation worksheets that show a formal process to reconcile cash collections to the general ledger but there is not any evidence to support that it is done by a person who is not responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Highest (dollar) week of cash collections was traced from the general ledger to the corresponding bank statement. The entity did not keep records of when the collections were received.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

There are four items that comprise the selected deposit; of the four items, three of the items have supporting documentation and one of the items does not have any supporting documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The Entity does not have written documentation that address the functions noted above.

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

---

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Management was unable to assure that the listing of disbursements was complete due to current personnel not being associated with the entity at any point during the fiscal year.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Entity does not use purchase orders.

b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Entity does not use purchase orders.

c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Entity does not use purchase orders.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

It is unknown by current management if the person responsible for processing payments was prohibited from adding vendors to the entity's purchasing/ disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The entity does not have documentation that addresses the functions noted above.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Management has asserted that unused checks were kept at the former CPA's office, who did not have signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Current management has asserted that there was not any evidence of a signature stamp being used by the entity during the fiscal year ending June 30, 2017. Management cannot say with certainty that a signature stamp was not used due to current management not being associated with the entity at any point during the fiscal year ending June 30, 2017.

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

There are not any credit cards/ debit cards/ fuel cards/ or P-cards per management.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

There are not any credit cards/ debit cards/ fuel cards/ or P-cards per management.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There are not any credit cards/ debit cards/ fuel cards/ or P-cards per management.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

There are not any credit cards/ debit cards/ fuel cards/ or P-cards per management.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

There are not any credit cards/ debit cards/ fuel cards/ or P-cards per management.

17. For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

There are not any credit cards/ debit cards/ fuel cards/ or P-cards per management.

### ***Travel and Expense Reimbursement***

---

18. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Management was unable to assure that the listing was complete due to current personnel not being associated with the entity at any point during the fiscal year.

19. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

The entity does not have written policies related to the functions noted above.

20. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Management could not provide supporting documentation for the travel expenses selected.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Management could not provide supporting documentation for the travel expenses selected.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Management could not provide supporting documentation for the travel expenses selected.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Management could not provide supporting documentation for the travel expenses selected.

## *Contracts*

---

21. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Management was unable to assure that the listing of contracts and contract payments were complete due to current personnel not being associated with the entity at any point during the fiscal year.

22. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Management has provided the formal/ written contracts that support the services arrangement and the amount paid for three out of five of the selected contracts.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

The contracts in question are not subject to the Louisiana Public Bid Law or Procurement Code.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

There is no evidence that the contracts were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Management could not provide supporting documentation for the highest contract payment for any of the five selected contracts.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

The entity does not have a board or committee and is not required to. The above functions do not apply.

### ***Payroll and Personnel***

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23. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Management could not verify that the employee listing was complete due to current personnel not being associated with the entity at any point during the fiscal year.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Management could not provide an employee contract or support for a pay rate structure for the one employee.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Management could not provide an employee contract or support for a pay rate structure for the one employee. It is unknown if any changes were made and/or applied during the fiscal year.

24. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

The entity did not maintain any attendance and leave records.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

The entity did not maintain any attendance and leave records.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

The entity did not maintain any attendance and leave records.

25. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

It is believed by management that there were not any terminated employees during the fiscal year but management also could not verify this due to current personnel not being associated with the entity at any point during the fiscal year.

26. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Obtained supporting documentation relating to payroll taxes paid during the fiscal period. We noted that the electronic payment system for federal payroll tax deposits can only bring up payment history for the previous sixteen months, allowing us to verify four out of twelve federal tax deposits for the fiscal year. We noted that all related payroll taxes that were available to be verified were submitted by the required deadlines.

### *Ethics (excluding nonprofits)*

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27. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Management could not provide any evidence as to if ethics training was completed by the entity's one employee.

28. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No exceptions noted.

***Debt Service (excluding nonprofits)***

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29. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Management could not verify if any debt was issued during the fiscal year due to current personnel not being associated with the entity at any point during the fiscal year.

30. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Management could not verify if any debt was issued during the fiscal year due to current personnel not being associated with the entity at any point during the fiscal year.

31. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Management could not verify if any debt was issued during the fiscal year due to current personnel not being associated with the entity at any point during the fiscal year.

***Other***

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32. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management mentioned an instance in which the personnel who was associated with the entity during the fiscal year was involved with a potential incident involving misappropriation of public funds. Management reached out to personnel associated with the entity at that time and asserted that Jay T. Dixon, the State of Louisiana's Public Defender, was made aware of this instance.

33. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Management could not verify if these posters were posted on the premises during the fiscal year due to current personnel not being associated with the entity at any point during the fiscal year.

34. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Wade Perry*

Ruston, LA  
June 28, 2018

FIFTH JUDICIAL DISTRICT OFFICE OF THE PUBLIC DEFENDER  
PO Box 717  
Rayville, LA 71269

June 28, 2018

Wade & Perry, CPAs  
Ruston, LA

The following is Management's Response to the 2017 AUP report submitted for Fifth Judicial District Office of the Public Defender.

WRITTEN POLICIES AND PROCEDURES

1. a) Budgeting  
Management will work toward documenting existing policy.
- b) Purchasing  
Management will work toward documenting existing policy.
- c) Disbursements  
Management will work toward documenting existing policy.
- d) Receipts  
Management will work toward documenting existing policy.
- e) Payroll/Personnel  
Management will work toward documenting existing policy.
- f) Contracting  
Management will work toward documenting existing policy.
- g) Credit cards  
Management will work toward documenting existing policy.
- h) Travel and expense reimbursement  
Management will work toward documenting existing policy.
- i) Ethics  
Management will work toward documenting existing policy.
- j) Debt Service  
Management will work toward documenting existing policy.

BANK RECONCILIATIONS

4. b) Management will work toward having bank reconciliations reviewed and signed off.

COLLECTIONS

6. a) Management will work toward ensuring employees in charge of collecting cash are bonded; implementing checks and balances for the one cash drawer.
- b) Management will work toward documenting existing policy.
- c) Management will work toward making deposits on a daily basis.
7. Management will work toward implementing and documenting policy.

DISBURSEMENTS

- 8. Management will work toward maintaining a complete general ledger.
- 10. Management will work toward implementing checks and balances for this area.
- 11. Management will work toward implementing checks and balances for this area.

TRAVEL AND EXPENSE REIMBURSEMENT

- 18. Management will work toward documenting existing policy.
- 19. Management will work toward documenting existing policy.
- 20. Management will work toward documenting existing policy.

CONTRACTS

- 21. Management will work toward maintaining a complete general ledger.
- 22. a) Management will work toward maintaining all contracts and supporting documentation.  
d) Management will work toward maintaining supporting documentation.

PAYROLL AND PERSONNEL

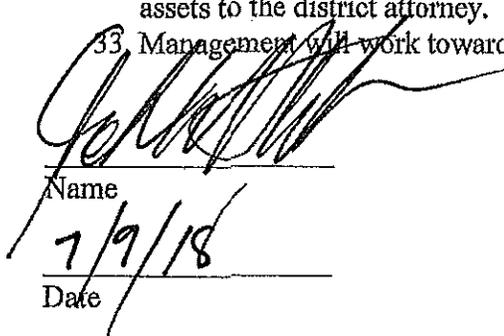
- 23. Management will work toward maintaining a complete general ledger.
  - a) Management will work toward maintaining all employee contracts and support for pay rates.
  - b) Management will work toward maintaining all employee contracts and support for pay rates.
- 24. a) Management will work toward documenting all employees daily attendance and leave.
  - b) Management will work toward ensuring supervisors approve all attendance and leave records.
  - c) Management will work toward maintaining written leave records.
- 26. Management will work toward maintaining all supporting documentation.

ETHICS

- 27. Management will work toward documenting existing policy.

OTHER

- 32. Management will work toward having internal controls in place to report any misappropriation of assets to the district attorney.
- 33. Management will work toward documenting compliance with posting the required notices.



\_\_\_\_\_  
Name

7/9/18  
\_\_\_\_\_  
Date