



**SCHAFFER GROUP LTD, LLC**  
*Certified Public Accountants*

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**

**FINANCIAL STATEMENTS  
(AUDIT REPORT)**

**YEAR ENDED JUNE 30, 2018**

**CAPITAL DEFENSE FUND OF SOUTHEAST LOUISIANA**  
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**JUNE 30, 2018**

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# SCHAFFER GROUP LTD, LLC

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Director of  
Capital Defense Project of Southeast Louisiana  
New Orleans, LA

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Capital Defense Project of Southeast Louisiana (a Louisiana Not-For-Profit Corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***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 an opinion 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United State of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 statement presentation.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Defense Project of Southeast Louisiana as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payments to the Director is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2018, on our consideration of Capital Defense Project of Southeast Louisiana's internal control over financial reporting and 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 that testing, and not to provide an opinion on the 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 Capital Defense Project of Southeast Louisiana's internal control over financial reporting and compliance.

Schafer Group, LTD., LLC

  
Kernion T. Schafer, CPA  
Managing Member  
October 18, 2018

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**

ASSETS

Current Assets

Cash	\$	270,722
Certificates of Deposit		554,884
Reimbursements Receivable		21,544
Prepaid Expense		<u>90,066</u>
Total Current Assets		<u>937,216</u>

Property and Equipment

Equipment		97,829
Equipment - Capital Lease		11,382
Furniture and Fixtures		35,128
Leasehold Improvements		<u>27,801</u>
Total Property and Equipment		172,140
Less: Accumulated Depreciation		(108,925)
Less: Accumulated Depreciation - Capital Lease		<u>(1,138)</u>
Property and Equipment - Net		<u>62,077</u>

Other Assets

Deposit		<u>6,491</u>
Total Other Assets		<u>6,491</u>

TOTAL ASSETS \$ 1,005,784

See Independent Auditor's Report and Notes to the Financial Statements.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018**

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$	10,886
Payroll Liabilities		431
Compensated Absences Liability		73,468
Current Portion of Capital Lease		<u>3,773</u>
Total Current Liabilities		<u>88,558</u>

Long Term Liabilities

Capital Lease Payable	8,803
Less: Current Portion of Capital Lease	<u>(3,773)</u>
Total Long Term Liabilities	<u>5,030</u>
Total Liabilities	<u>93,588</u>

Net Assets

Unrestricted	<u>912,196</u>
Total Net Assets	<u>912,196</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>1,005,784</u></u>
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See Independent Auditor's Report and Notes to the Financial Statements.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

<u>Revenue</u>	
Contract Revenue	\$ 1,110,009
Expert Expenditure Reimbursement	89,576
Rental Income	<u>8,987</u>
Total Revenue	<u>1,208,572</u>
<u>Expenses</u>	
Program Service	1,126,757
Management and General	<u>261,214</u>
Total Expenses	<u>1,387,971</u>
Income (Loss) from Operations	<u>(179,399)</u>
<u>Other Income (Expenses)</u>	
Interest Income	6,922
Other Income	1,986
Gain (Loss) on Disposal of Property and Equipment	<u>(6,331)</u>
Total Other Income (Expenses)	<u>2,577</u>
Change in Net Assets	<u>\$ (176,822)</u>
Net Assets, Beginning of Year, Before Prior Year Adjustment	\$ 1,131,311.00
Prior Year Adjustment	<u>(42,293)</u>
Net Assets, Beginning of Year, Restated	\$ 1,089,018
Change in Net Assets	<u>(176,822)</u>
Net Assets, End of Year	<u>\$ 912,196</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2018**

	Program <u>Service</u>	Management <u>&amp; General</u>	<u>Total</u>
Accounting Expense	\$ -	\$ 13,579	\$ 13,579
Capital Representation	17,574	-	17,574
Contract Attorney	89,250	-	89,250
Depreciation	8,492	8,492	16,984
Dues, Seminars, and Subscriptions	22,151	-	22,151
Experts	6,509	-	6,509
Insurance	61,791	17,996	79,787
Investigators	8,974	-	8,974
Office Expense	6,168	6,168	12,336
Payroll and Payroll Taxes	669,824	143,015	812,839
Reimbursable Expert Expenditures	89,576	-	89,576
Rent	34,072	36,449	70,521
Repairs and Maintenance	950	950	1,900
SEP-IRA Contributions	44,352	12,440	56,792
Technical Support	7,544	7,544	15,088
Telephone	5,894	5,893	11,787
Travel	44,947	-	44,947
Miscellaneous	<u>8,689</u>	<u>8,688</u>	<u>17,377</u>
Total Expenses	<u>\$ 1,126,757</u>	<u>\$ 261,214</u>	<u>\$ 1,387,971</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (176,822)
Non Cash Items Included in Increase (Decrease) in Net Assets:	
Depreciation	16,984
Loss on Disposal of Property and Equipment	6,331
Interest Income on Certificates of Deposit	(5,435)
Decrease (Increase) in Current Assets:	
Reimbursements Receivable	(16,948)
Prepaid Expense	(12,220)
Increase (Decrease) in Current Liabilities:	
Accounts Payable	5,560
Compensated Absences Payable	31,175
Payroll Liabilities	<u>(342)</u>
Net Cash Provided By (Used in) Operating Activities	<u>(151,717)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(37,034)
Proceeds from Sale of Property and Equipment	<u>3,850</u>
Net Cash Provided by (Used in) Investing Activities	<u>(33,184)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on Capital Lease Payable	<u>(2,579)</u>
Net Cash Provided by (Used in) Financing Activities	<u>(2,579)</u>

Net Increase (Decrease) in Cash	\$ (187,480)
Cash and Cash Equivalents, Beginning of Year	<u>458,202</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 270,722</u></u>

See Independent Auditor's Report and Notes to the Financial Statements

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2018**

SUPPLEMENTAL DISCLOSURES ON CASH FLOW INFORMATION

Cash Paid During the Year For:

Interest	\$	-
Income Taxes	\$	-

SUPPLEMENTAL NONCASH INVESTING AND FINANCING  
TRANSACTIONS

Purchase of Property and Equipment:

Purchase Price	\$	11,382
Cash Paid	\$	-
Amount Financed	\$	(11,382)
	\$	-

See Independent Auditor's Report and Notes to the Financial Statements

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Capital Defense Project of Southeast Louisiana (Project) is a non-profit 501(c)(3) law office funded by the State of Louisiana Public Defender Board to provide legal representation in the form of "criminal defense services at trial" in capital cases where there exists an ethical conflict in the representation of indigents by the 22nd Judicial District Public Defenders Office, where the Public Defender's Office lacks the capacity to accept an additional capital case, and where the representation of indigents in capital cases in Orleans Parish indicted after August 29, 2005, and in pre-indictment cases, as funding permits, and in other capital cases in parishes statewide, as needed; in cases remanded on appeal for further hearings or retrial statewide subject to agreement with the local District Defender's office; and in any case, statewide, where appointed counsel has sought consultation services and provision of those services has been approved by the State Public Defender or Capital Case Coordinator and the Capital Defense Project.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

C. Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification 958, Not-for-Profit Entities*. Under FASB ASC 958, the Project is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The only limits on the use of unrestricted net assets are the broad limits resulting from the following:

- The nature of the not-for-profit;
- The environment in which the not-for-profit operates;
- The purpose specified in the not-for-profit's articles of incorporation or bylaws; and
- Limits resulting from contractual agreements with suppliers, creditors, and others entered into by the not-for-profit in the course of its business.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the not-for-profit pursuant to those stipulations.

Permanently Restricted Net Assets – Net Assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the not-for-profit.

D. Functional Expense Allocation

The costs of providing the Project's program and supporting services have been reported on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Expenses are charged to each functional classification based on direct expenses incurred. Any program expenses not directly chargeable to the program are allocated based on estimate of time and effort.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Cash and Cash Equivalents

For the purpose of cash flows, the Project considers all unrestricted highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

G. Reimbursements Receivable

Reimbursements Receivable consists of reimbursements approved by the Louisiana Public Defender Board for expenditures incurred by June 30, 2018 that had not been received by the Project by year-end.

The Project considers all Reimbursements Receivables to be fully collectible. Accordingly, there was no allowance for doubtful accounts recorded.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

H. Property and Equipment

Property and Equipment purchases are recorded and carried at cost. Depreciation is computed on the straight-line method over the following estimated useful lives:

Equipment	5 – 7 years
Furniture and Fixtures	7 years
Leasehold Improvements	10 years

Depreciation expense for the year ended June 30, 2018 was \$16,984.

It is the policy of the Project to capitalize all property and equipment with a useful life of more than one year.

The Project did not receive any donations of property and equipment during the year ended June 30, 2018.

I. Income Tax Status

The Project is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. However, income from certain activities not directly related to the Project's tax-exempt purpose would be subject to taxation as unrelated business income.

The Company's federal and state tax returns are subject to possible examination by taxing authorities generally for a period of three years from the filing of those returns.

Note 2. CONTRACT REVENUE

Contract revenue is comprised of funds received under a contract with the Louisiana Public Defender Board. Contract revenue is recorded over the period covered by the original contract. Any amendments to the contract are recorded in the period received. Contract Revenue is reported as an increase in unrestricted net assets since the use of the funds outlined by the Louisiana Public Defender Board pertains to the primary purpose of the Project specified in the Project's Articles of Incorporation. See Note 1C.

The contracts for the year ended June 30, 2018 provided \$1,110,009 to the Project. Therefore, total contract revenue for the year ended June 30, 2018 was \$1,110,009.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

Note 3.      RESTRICTIONS ON NET ASSETS

Net assets consist of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Net Assets, Beginning of Year	\$1,131,311	\$ -	\$ -
Change in Net Assets	(219,115)	\$ -	\$ -
Net Assets, End of Year	<u>\$1,131,311</u>	<u>\$ -</u>	<u>\$ -</u>

Note 4.      CONCENTRATIONS OF CREDIT RISK

At times throughout the year, the Project's interest-bearing, cash accounts and certificates of deposit held at its financial institution exceeded federally insured limits. All deposits owned by the Project at the same financial institution are combined and insured up to \$250,000 by the Federal Deposit Insurance Corporation. All cash and certificates of deposit of the Project are held at one financial institution. At June 30, 2018, \$618,884 of cash and certificates of deposit was uninsured.

All contract revenue for the year ended June 30, 2018 was from the Louisiana Public Defender Board.

At June 30, 2018, all reimbursements receivable were due from the Louisiana Public Defender Board.

Note 5.      LEASES

Operating Leases:

The Project leases office space from an unrelated party. Rent expense for the year ended June 30, 2018 was \$68,143. Effective September 1, 2017, the Project entered into a new lease that expires August 30, 2020. The Project also leases miscellaneous office equipment accounted for under operating leases. Future minimum lease payments are as follows:

<u>Year Ending June 30:</u>	
2019	\$ 57,140
2020	60,927
2021	10,286
2022	-
2023	-

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

The Project also leases storage space from an unrelated party on a month to month basis. Rent expense for the year ended June 30, 2018 was \$2,378.

Capital Leases:

The Project leases office equipment classified as a capital lease. This office equipment and related accumulated depreciation is presented on the accompanying balance sheet. The capital lease obligation bears interest of 0% and matures in October 2021. Interest has not been imputed on the capital lease obligation since the imputation of interest would be immaterial to the financial statements as a whole. As of June 30, 2018, the outstanding balance on the capital lease payable was \$8,903.

Annual maturities of the capital lease payable are as follows:

<u>Year Ending June 30:</u>	
2019	\$ 3,773
2020	3,773
2021	1,257
2022	-
2023	-
	<u>\$ 8,803</u>

Future minimum lease payments under capital leases for subsequent years are as follows:

<u>Year Ending June 30:</u>	
2019	\$ 3,773
2020	3,773
2021	1,257
2022	-
2023	-
	<u>\$ 8,803</u>
Less: Interest	<u>-</u>
	<u>\$ 8,803</u>

Note 6. SEP-IRA

The Project offers a Simplified Employee Pension plan (SEP-IRA) to its employees after one year of employment. The Project contributes a maximum of 10% of an employee's annual base salary. Contributions for the year ended June 30, 2018 were \$56,792.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

Note 7.            COMPENSATED ABSENCES

All full-time or regularly-scheduled part-time employees are eligible to earn sick and vacation leave, depending on length of service and other factors.

Sick leave is not payable upon separation from the Project. Therefore, the Project does not accrue for sick leave since the amount cannot be reasonably estimated. The Project recognizes the cost of sick leave when actually paid to employees.

Effective January 1, 2018, accrued unused vacation leave earned by an employee can be carried forward to subsequent years, and the employee can be paid the value of their accrued unused annual leave, up to a maximum of 300 hours, provided that the employee is not dismissed for cause. Therefore, the Project has accrued a liability for these compensated absences, which is included in Compensated Absences Liability on the accompanying Balance Sheet.

Any employee who works more than 1,820 hours in a fiscal year is entitled to compensatory time, which may be carried forward to subsequent years up to a maximum of 540 hours and which will be paid at termination of employment, upon accruing the maximum amount of compensatory time, or upon request. Therefore, the Project has accrued a liability for these compensated absences, which is included in Compensated Absences Liability on the accompanying Balance Sheet.

Note 8.            LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Project's financial assets available to meet cash needs as of June 30, 2018 was \$847,150, of which \$0 was unavailable for general expenditures within one year. Therefore, the financial assets available to meet cash needs for general expenditures within one year are \$847,150.

As part of the Project's liquidity management, it invests any excess cash in Certificates of Deposit. The Project has a capital lease payable with an outstanding balance at June 30, 2018 of \$8,803

Note 9.            SUBSEQUENT EVENTS

Management evaluated subsequent events through October 18, 2018, which is the date the financial statements were available to be issued.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

Note 10.      PRIOR YEAR ADJUSTMENT

As of June 30, 2017, Compensated Absences Liability was understated by \$42,293. Therefore, a prior period adjustment has been made to reduce retained earnings as of June 30, 2017 by \$42,293.

**SUPPLEMENTARY INFORMATION**

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO DIRECTOR  
YEAR ENDED JUNE 30, 2018**

DIRECTOR: Kerry P. Cuccia

PURPOSE	AMOUNT
Payroll	\$ 144,848
Simple IRA Contributions	\$ 14,485
Insurance - Health	\$ 13,013
Insurance - Disability	\$ 1,330
 <u>Reimbursements</u>	
Travel	\$ 4,263
Office Expense	\$ 175

# SCHAFFER GROUP LTD, LLC <sup>IX.</sup>

*Certified Public Accountants*

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

To the Board of Directors of  
Capital Defense Project of Southeast Louisiana  
New Orleans, LA

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 Capital Defense Project of Southeast Louisiana (a Louisiana Not-for-Profit Corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 18, 2018.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Capital Defense Project of Southeast Louisiana'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Capital Defense Project of Southeast Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Capital Defense Project of Southeast Louisiana'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Capital Defense Project of Southeast Louisiana's financial statements are free from 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schafer Group, LTD., LLC



Kernion T. Schafer, CPA  
Managing Member

October 18, 2018

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2018**

We have audited the financial statements of Capital Defense Project of Southeast Louisiana as of and for the year ended June 30, 2018, and have issued our report thereon dated October 18, 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 June 30, 2018, resulted in an unqualified opinion.

**Section I - Summary of Auditor's Reports**

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

Internal Control

Material Weaknesses  Yes  No      Significant Deficiencies  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

b. Federal Awards  Not Applicable

Internal Control

Material Weaknesses  Yes  No      Significant Deficiencies  Yes  No

Type of Opinion On Compliance for Major Programs

Unqualified  Qualified  Disclaimer  Adverse

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)?

Yes  No

Was a management letter issued?  Yes  No

c. Identification of Major Programs:  Not Applicable

CFDA Number (s)

Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$ \_\_\_\_\_

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?  Yes  No

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2018**

**Section II - Financial Statement Findings**

No Section II Findings.

**Section III - Federal Award Findings and Questioned Costs**

No Section III Findings.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2018**

**SECTION I**

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

Not applicable.

**SECTION II**

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

Not applicable.

**SECTION III**

**MANAGEMENT LETTER**

Not applicable.

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT.

# SCHAFFER GROUP LTD, LLC

*Certified Public Accountants*

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**

**STATEWIDE AGREED-UPON PROCEDURES**

**YEAR ENDED JUNE 30, 2018**

# SCHAFFER GROUP LTD, LLC

*Certified Public Accountants*

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

To the Director of Capital Defense Project of Southeast Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Capital Defense Project of Southeast Louisiana (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 year ended June 30, 2018. 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 documented in the attached Schedule of Procedures, Findings, and Management's Response.

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.



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Kernion T. Schäfer  
Managing Member  
October 19, 2018

CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE  
YEAR-ENDED JUNE 30, 2018

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccla, Director)</i>
<b>Written Policies and Procedures</b>		
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) <b>Budgeting</b> , including preparing, adopting, monitoring, and amending the budget	No exceptions were noted as a result of applying the procedure.	N/A
b) <b>Purchasing</b> , 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.	No exceptions were noted as a result of applying the procedure.	N/A
c) <b>Disbursements</b> , including processing, reviewing, and approving	No exceptions were noted as a result of applying the procedure.	N/A
d) <b>Receipts/Collections</b> , including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).	No exceptions were noted as a result of applying the procedure.	N/A
e) <b>Payroll/Personnel</b> , including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.	No exceptions were noted as a result of applying the procedure.	N/A
f) <b>Contracting</b> , 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's "Business and Financial Operating Policies and Procedures" manual addresses contracting. However, written contracts are not required by the entity.	N/A

See Independent Accountant's Report on Applying Agreed-Upon Procedures

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PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
<i>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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)</i>	No exceptions were noted as a result of applying the procedure.	N/A
<i>h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers</i>	No exceptions were noted as a result of applying the procedure.	N/A
<i>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.</i>	N/A - Entity is a non-profit 501(c)(3)	N/A
<i>j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.</i>	N/A - Entity is a non-profit 501(c)(3)	N/A
<b>Board (or Finance Committee, if applicable)</b>		
<b>2. Obtain and review the board/committee minutes for the fiscal period, and:</b>		
<i>a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.</i>	Board met on a frequency sufficient for the Entity's size and structure.	N/A
<i>b) Observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period</i>	Board minutes referenced financial activity related to public funds (Louisiana Public Defender Board Contract).	N/A
<i>c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.</i>	N/A - Entity is a non-profit 501(c)(3)	N/A

CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
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YEAR-ENDED JUNE 30, 2018

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
<b>Bank Reconciliations</b>		
3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:	The Office Manager provided a listing of Entity bank accounts, and the Director confirmed that the listing was complete.	N/A
a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged)	All bank statements selected were reconciled monthly (checking) or quarterly (certificate of deposit) within QuickBooks within 2 months of statement closing date.	N/A
b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged)	All bank reconciliations selected included evidence of review by member of management who does not handle cash, post ledgers, or issue checks.	N/A
c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.	No reconciling items outstanding for longer than 12 months noted on the selected bank reconciliations.	N/A
<b>Collections</b>		
4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).	The Office Manager provided a listing of all locations maintained by Entity, noting there was only one location, and the Director confirmed that the listing was complete.	N/A
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:		

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE  
YEAR-ENDED JUNE 30, 2018**

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
<i>a) Employees that are responsible for cash collections do not share cash drawers/registers.</i>	N/A - There are no cash registers or drawers.	N/A
<i>b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.</i>	<p>The majority of the funds received by the Entity were from the Louisiana Public Defender Board (LPDB). The Entity was 100% funded by LPDB in accordance with the "FY18 Contract for Criminal Defense Services on Behalf of Indigents Accused of Capital Crimes" and related Amendments. Funds received in accordance with Contract were received by the Entity via EFT. Total Contract Revenue per June 30, 2018 audited Statement of Activities agreed to "FY18 Contract for Criminal Defense Services on Behalf of Indigents Accused of Capital Crimes " and to the Office of Statewide Reporting and Accounting Policy Vendor Search for the year ended June 30, 2018.</p> <p>In addition, the Entity receives funding from LPDB to cover the cost of services incurred for expert witnesses. These reimbursements from LPDB are received via check and deposited by the Office Manager. The Office Manager maintains a spreadsheet of expert expenditures that is used to track the expenditure, reimbursement request, and reimbursement. Total Expert Expenditure Reimbursement per June 30, 2018 audited Statement of Activities agreed to Reimbursable Expert Expenditures per June 30, 2018 audited Statement of Functional Expenses.</p>	N/A
<i>c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit</i>	No exceptions were noted as a result of applying the procedure.	N/A
<i>d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.</i>	No exceptions were noted as a result of applying the procedure.	N/A
<i>6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.</i>	The Entity's Crime Policy covers employee theft.	N/A

CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
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YEAR-ENDED JUNE 30, 2018

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:		
a) Observe that receipts are sequentially pre-numbered.	N/A - No receipts.	N/A
b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.	N/A - No receipts.	N/A
c) Trace the deposit slip total to the actual deposit per the bank statement.	No exceptions were noted as a result of applying the procedure.	N/A
d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).	No exceptions were noted as a result of applying the procedure.	N/A
e) Trace the actual deposit per the bank statement to the general ledger.	No exceptions were noted as a result of applying the procedure.	N/A
<b>Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)</b>		
8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).	The Office Manager provided the general ledger, and the Director confirmed that the general ledger was complete.	N/A
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:		
a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.	Purchases made by Director are not approved by another employee.	<i>Due to entity size and structure, purchases made by the Director are not subject to approval by another employee.</i>

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE  
YEAR-ENDED JUNE 30, 2018**

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
b) <i>At least two employees are involved in processing and approving payments to vendors.</i>	No exceptions were noted as a result of applying the procedure.	N/A
c) <i>The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.</i>	No exceptions were noted as a result of applying the procedure.	N/A
d) <i>Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.</i>	The employee responsible for processing checks also mails checks.	<i>Due to entity size and structure, segregation of these duties is not feasible.</i>
10. <i>For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:</i>		
a) <i>Observe that the disbursement matched the related original invoice/billing statement.</i>	No exceptions were noted as a result of applying the procedure.	N/A
b) <i>Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.</i>	No exceptions were noted as a result of applying the procedure.	N/A
<b><i>Credit Cards/Debit Cards/Fuel Cards/P-Cards</i></b>		
11. <i>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.</i>	The Office Manager provided a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, noting there were only two cards, and the Director confirmed that the listing was complete.	N/A
12. <i>Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:</i>		

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PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccla, Director)</i>
<p>a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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.]</p> <p>b) Observe that finance charges and late fees were not assessed on the selected statements.</p>	<p>For the selected credit card statements, there was supporting document for each transaction. The Office Manager and Director are the two card holders. The Director reviewed the statements. No review or approval of the statements was performed by a non-cardholder. The selected credit card statements were paid in full, thus no late fees or finance charges were assessed.</p>	<p><i>Due to size and structure of the Entity, review and approval of transactions by a non-cardholder is not feasible.</i></p>
<p>13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing).</p> <p>a) For each transaction, observe that it is supported by:</p> <p>∅ An original itemized receipt that identifies precisely what was purchased</p> <p>∅ Documentation of the business/public purpose.</p> <p>∅ Documentation of the individuals participating in meals (for meal charges only).</p>		
	<p>For each transaction in the selected credit card statements, there was an itemized receipt present.</p>	N/A
	<p>For each transaction in the selected credit card statements, there was documentation of the business/public purpose.</p>	N/A
	<p>N/A - No meal purchases on selected credit card statements.</p>	N/A
<b>Travel and Expense Reimbursement</b>		
<p>14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</p> <p>a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (<a href="http://www.gsa.gov">www.gsa.gov</a>).</p>	<p>The Office Manager provided the general ledger, and the Director confirmed that the general ledger was complete.</p>	N/A
	<p>Each transaction reimbursed using a per diem was in accordance</p>	

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PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccio, Director)</i>
<p>b) <i>If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</i></p> <p>c) <i>Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).</i></p> <p>d) <i>Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</i></p>	<p>with rates published by the U.S. General Services Administration. Transactions reimbursed for actual costs were supported by an itemized receipt. Each transaction tested had a documented business purpose and was approved by the Director.</p> <p>Reimbursements to the Director are not approved by someone other than the Director.</p>	<p><i>The Office Manager reviews and reconciles all expense reimbursement reports, including the Director's, to the related supporting documentation. The expense reimbursement reports and supporting documentation are forwarded to the Director for his review. Due to Entity's size and structure, additional approval of expenditures incurred by the Director is not required.</i></p>
<b>Contracts</b>		
<p>15. <i>Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:</i></p>	<p>The Office Manager provided the general ledger, and the Director confirmed that the general ledger was complete.</p>	N/A
<p>a) <i>Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.</i></p>	<p>No transactions subject to Louisiana Public Bid Law or Procurement Code found.</p>	N/A
<p>b) <i>Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).</i></p>	<p>N/A - Not required by policy or law.</p>	N/A
<p>c) <i>If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.</i></p>	<p>No contract amendments noted.</p>	N/A
<p>d) <i>Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.</i></p>	<p>For those payments with a formal/written contract, a supporting invoice was obtained and agreed to the related payment.</p>	N/A

CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
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YEAR-ENDED JUNE 30, 2018

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
<b>Payroll and Personnel</b>		
16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.	<p>The Office Manager provided a listing of employees with their related salaries, and the Director confirmed that the listing was complete.</p> <p>The Entity's annual budget template that is completed and submitted to Louisiana Public Defender Board (see discussion at 1(a) above) requires an annual and monthly salary estimates breakdown by title. The Entity's annual "Contract For Criminal Defense Services on Behalf of Indigents Accused of Capital Crimes" requires the Entity to furnish LPDB with copies of its payroll registers twice annually during the contract period. The Entity submitted payroll listings that provided the name, title, annual salary, monthly salary, and employment status (i.e. employee or contractor) for each employee at least twice annually. No employee contracts present.</p>	<p><i>The Director uses as a reference the 2004 LA Defense Association Board (predecessor of LPDB) that provides a guide for salary ranges by position, which he adjusted for caseload, duties, and cost of living. Hourly pay rate/salary adjustments are approved by the Director (by email) who notifies the Office Manager who notifies the Outside Certified Public Accountant who is responsible for payroll processing. The Director is responsible for signing all payroll checks.</i></p>
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:	Attendance and leave records for the week of 09/04/2017-09/08/2017 obtained.	
a) Observe that 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.)	Selected employees documented their daily attendance and leave.	N/A
b) Observe that supervisors approved the attendance and leave of the selected employees/officials.	For each employee selected, management's approval was noted.	N/A
c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.	For each employee selected, leave balances were recorded.	N/A

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PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.	The Office Manager provided a listing of employees terminated during the fiscal year, and the Director confirmed that the listing was complete. The calculation of final pay for the one terminated employee was obtained, and it was noted that the employee was paid out appropriately in accordance with the Entity's "Employment Policies and Procedures" manual.	N/A
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.	The Director provided confirmation that all payroll related liabilities were paid and that all associated forms were filed timely.	N/A
<b>Ethics (excluding nonprofits)</b>		
20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and: a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period. b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.	N/A - Entity is a non-profit 501(c)(3)	N/A
<b>Debt Service (excluding nonprofits)</b>		
21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.		
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.	N/A - Entity is a non-profit 501(c)(3)	N/A

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PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
<i>Other</i>		
<i>23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.</i>	No misappropriations of public funds or assets.	N/A
<i>24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds</i>	The Notice was visibly posted in mail room.	N/A

*Note: Outside CPA referenced herein is not Schafer Group Ltd., LLC.*