

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND
TENSAS, LOUISIANA

Financial Statements
For the Year Ended June 30, 2019

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER BOARD
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Sixth Judicial District Public Defender
Parishes of East Carroll, Madison and Tensas, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of the Sixth Judicial District Public Defender, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Public Defender'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 controls 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Sixth Judicial District Public Defender, as of June 30, 2019, 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.

Sixth Judicial District Public Defender
East Carroll, Madison and Tensas Parishes, Louisiana

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 3-6 and 16-17 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

The Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer is the responsibility of management and was derived directly from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 my opinion, the Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer 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*, I have also issued my report dated September 19, 2019 on my consideration of the Sixth Judicial District Public Defender's internal control over financial reporting and on my 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 my 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 Sixth Judicial District Public Defender's internal control over financial reporting and compliance.

David M. Hant, CPA (APAC)

West Monroe, Louisiana
September 19, 2019

REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

As management of the Sixth Judicial District Public Defender, we offer readers of the Sixth Judicial District Public Defender's (Public Defender) financial statements this narrative overview and analysis of the financial activities of the Public Defender for the year ended June 30, 2019. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Overview of the Financial Statements

This Management Discussion and Analysis document introduced the Public Defender's basic financial statements. The Statement of Net Position and the Statement of Activities (Government-Wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Public Defender's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the required supplemental information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the Sixth Judicial District Public Defender's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Public Defender's assets and liabilities, with the difference between the two 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 Public Defender is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned, but unused, sick leave).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Public Defender, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Public Defender uses only governmental funds.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Sixth Judicial District Public Defender adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the major fund to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Public Defender's performance.

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 fiscal year, the Public Defender's assets exceeded its liabilities by \$231,027; this represents an decrease of \$90,579 in the year ended June 30, 2019. Of this total net position amount, \$229,562 is unrestricted. The Public Defender's net position is comprised of \$229,562 unrestricted, and \$1,465 invested in capital assets.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

The following is a condensed statement of the Sixth Judicial District Public Defender's net position as of June 30, 2019 and 2018.

Assets	<u>2019</u>	<u>2018</u>
Current & Other Assets	\$ 234,675	\$ 303,359
Capital Assets (net)	<u>1,465</u>	<u>2,625</u>
Total Assets	<u>236,140</u>	<u>305,984</u>
 Liabilities		
Other Liabilities	5,113	4,378
 Net Position		
Invested in Capital Assets, net	1,465	2,625
Unrestricted	<u>229,562</u>	<u>298,220</u>
Total Net Position	<u>\$ 231,027</u>	<u>\$ 301,606</u>

The Public Defender has unrestricted net position of \$229,562, which may be used to meet the government's on-going obligation to citizens and creditors.

The Public Defender also had \$1,465 invested in capital assets, and no long-term debt.

The following is a summary of the statement of activities:

	<u>Year Ended</u> <u>June 30, 2019</u>	<u>Year Ended</u> <u>June 30, 2018</u>
Revenue		
Program Revenue	\$ 9,270	\$ 4,250
General Revenue	<u>497,820</u>	<u>615,979</u>
Total Revenue	<u>507,090</u>	<u>620,229</u>
 Expenses		
Personal Services and Benefits	156,997	158,886
Professional Development	7,521	4,411
Operating Costs	<u>433,160</u>	<u>431,109</u>
Total Expenses	<u>597,669</u>	<u>595,843</u>
 Increase (Decrease) in Net Position	(90,579)	24,386
 Net Position, Beginning (Restated)	<u>321,606</u>	<u>277,220</u>
 Net Position, Ending	<u>\$ 231,027</u>	<u>\$ 301,606</u>

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Business-Type Activities

The Public Defender does not have any business-type activities.

Financial Analysis of the Fund's Governmental Fund

The Sixth Judicial Public Defender's governments fund (General Fund) reported an ending fund balance of \$234,675 which is a decrease of \$89,419 when compared to the prior period.

Capital Asset and Debt Administration

Capital Assets – The Sixth Judicial Public Defender's investment in capital assets for its governmental activities as of June 30, 2019 amounts to \$1,465. This investment includes furniture, equipment and a portable building. This value is net of accumulated depreciation.

General Fund Budgetary Highlights.

The Public Defender's budget is prepared according to Louisiana law.

A budgetary comparison schedule showing the Sixth Judicial District Public Defender's originally adopted budget compared with actual operating results is provided in the report that follows.

Economic Factors and Next Year's Budgets

The Sixth Judicial District Public Defender considered many factors when setting the Public Defender's June 30, 2019 and 2018 budgets.

Revenues and expenditures are expected to remain fairly consistent with the current fiscal year.

Request for Information

This financial report is designed to provide a general overview of the Sixth Judicial District Public Defender'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:

Sixth Judicial District Public Defender
1602A Felicia Drive
Tallulah, Louisiana 71282

GOVERNMENTAL ACTIVITIES

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>General</u> <u>Fund</u>	<u>Adjustments</u>	<u>Statement of</u> <u>Net Position</u>
Assets			
Cash and Cash Equivalents	\$ 213,142	\$ -	\$ 213,142
Receivables	21,533	-	21,533
Capital Assets, Net of Accumulated Depreciation	<u>-</u>	<u>1,465</u>	<u>1,465</u>
Total Assets	<u><u>234,675</u></u>	<u><u>1,465</u></u>	<u><u>236,140</u></u>
Liabilities			
Accounts Payable	1,835	-	1,835
Withheld and Accrued Payroll Taxes	<u>3,278</u>	<u>-</u>	<u>3,278</u>
Total Liabilities	5,113	-	5,113
Fund Balances/Net Position			
Fund Balances:			
Unassigned, Reported In:			
General Fund	<u>229,562</u>	<u>(229,562)</u>	<u>-</u>
Total Fund Balances	<u><u>229,562</u></u>	<u><u>(229,562)</u></u>	<u><u>-</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 234,675</u></u>	<u><u>(229,562)</u></u>	<u><u>5,113</u></u>
Net Position			
Net Investment in Capital Assets		1,465	1,465
Unrestricted		<u>229,562</u>	<u>229,562</u>
Total Net Position		<u><u>\$ 231,027</u></u>	<u><u>\$ 231,027</u></u>

The accompanying notes are an integral part of this financial statement.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Adjustments	Statement of Net Position
Expenditures/Expenses			
Judiciary			
Personal Services	\$ 128,400	\$ -	\$ 128,400
Related Benefits	28,597	-	28,597
Travel and Professional Development	-	-	-
Operating Services	436,081	-	436,081
Operating Supplies	3,431	-	3,431
Capital Outlay	-	-	-
Depreciation	-	1,160	1,160
	596,509	1,160	597,669
Total Expenditures/Expenses			
Program Revenues			
Charges for Services	9,270	-	9,270
	(587,239)	(1,160)	(588,399)
Net Program Expenses			
General Revenues			
State Grants	87,056	-	87,056
Court Costs on Fines	410,343	-	410,343
Investment Earnings	421	-	421
Other	-	-	-
	497,820	-	497,820
Total General Revenues			
Excess (Deficiency) of Revenues Over Expenditures	(89,419)	(1,160)	(90,579)
Fund Balance/Net Position:			
Beginning of the Year (Restated)	318,981	2,625	321,606
End of the Year	\$ 229,562	\$ 1,465	\$ 231,027

The accompanying notes are an integral part of this financial statement.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Introduction

The Sixth Judicial District Public Defender (Public Defender), established in compliance with Louisiana Revised Statute 15:144-149, provides counsel to represent indigents (needy individuals) in criminal and quasi-criminal cases at the district court level. The Judicial District encompasses the Parishes of East Carroll, Madison and Tensas, Louisiana. Revenues to finance the Public Defender's operations are provided primarily from court costs on fines imposed by the various courts within the Judicial District, bail bond revenues, and Louisiana Indigent Defender Board grants. The Public Defender has three employees, two who serve as investigators and one as an office assistant. Four attorneys serve as public defenders.

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying basic financial statements of the Sixth Judicial District 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.

Reporting Entity

The Public Defender is part of the operations of the District Court System. However, the District Court System is fiscally dependent on the East Carroll, Madison and Tensas Parish Police Juries for office space and courtrooms. In addition, the Police Juries basic financial statements would be incomplete or misleading without inclusion of the Public Defender. For these reasons, the Public Defender was determined to be a component unit of the East Carroll, Madison and Tensas Police Juries, the financial reporting entities.

The accompanying financial statements present information only on the funds maintained by the Public Defender and do not present information on the Police Juries, the general government services provided by those governmental units, or the other governmental units that comprise the financial reporting entity.

Fund Accounting

The 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 related to certain functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Governmental Funds

Governmental funds account for all or most of the Public Defender'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 Public Defender. The following are the Public Defender's governmental funds:

General Fund – the primary operating fund of the Public Defender. 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.

Other Fund – accumulates the proceeds for the Louisiana Public Defender Board grants and their related expenditures.

Measurement Focus/Basis of Accounting

Fund Financial Statements -

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 balance reports 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 to a government-wide view of Public Defender 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. The Public Defender 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 – In the General Fund, court costs on fines and forfeitures imposed by the Public Defender and city courts, and bail bond revenues are recorded in the year they are collected by tax collectors or Parish Sheriff, provided they are received within 60 days of the fiscal year end.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued) –

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 Statement of Activities display information about the Public Defender as a whole. These statements include all the financial activities of the Public Defender. Information contained in these Statements reflects the economic resources measurement focus and the accrual basis of accounting.

Program Revenues –

Program revenue included in the Statement of Activities is derived directly from Public Defender users as a fee for services; program revenues reduce the cost of the function to be financed from the Public Defender's general revenues.

Budgets

The Public Defender adopted a budget as part of the funding requirement for the year ended June 30, 2019.

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 Public Defender 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.

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. The Public Defender maintains a level of \$500 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 their estimated lives. Furniture and fixtures have a five to seven year useful life.

Compensated Absences

The Public Defender does not have a formal leave policy.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

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 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.

Fund Equity

GASB Statement No. 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 government funds. The nonspendable fund balance classification includes amounts that cannot be spent 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 Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the board of directors. Those committed amounts cannot be used for any other purpose unless the board of directors removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the Public Defender’s “intent” to be used for specific purposes, but are neither restricted nor committed. The board of directors and management has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted not committed.

Unassigned Fund Balance – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Equity (continued)

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

Note 2 - Cash and Cash Equivalents

Under state law, the Public Defender fund may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2019, the Public Defender fund has cash and cash equivalents (book balances) totaling \$213,142.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the 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 or exceed 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. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Public Defender fund that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Public Defender's name.

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 bank. These deposits are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (bank balances) at June 30, 2019, total 215,398 and are fully secured by federal deposit insurance and pledged securities.

Note 3 - Receivables

The receivables at June 30, 2019 are as follows:

<u>Class of Receivable</u>	<u>Governmental Fund</u>	<u>Government – Wide</u>
Fines and Forfeitures	<u>\$ 21,533</u>	<u>\$ 21,533</u>

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 4 - Changes in Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2019, is as follows:

	Balance <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2019</u>
<u>Governmental Activities</u>				
Furniture and Equipment	\$ 11,822	\$ -	\$ -	\$ 11,822
Storage Building	<u>3,251</u>	<u>-</u>	<u>-</u>	<u>3,251</u>
Total Governmental Activities	15,073	-	-	15,073
Less: Accumulated Depreciation				
Furniture and Equipment	10,098	943	-	11,041
Storage Building	<u>2,350</u>	<u>217</u>	<u>-</u>	<u>2,567</u>
Total	<u>12,448</u>	<u>1,160</u>	<u>-</u>	<u>13,608</u>
Capital Assets – Net	<u>\$ 2,625</u>	<u>\$(1,160)</u>	<u>\$ -</u>	<u>\$ 1,465</u>

Depreciation expense was \$1,160 for the year ended June 30, 2019.

Note 5 - Risk Management

The Public Defender currently carries no insurance. The attorneys are reimbursed a portion of their professional liability premium.

Note 6 - Contingencies

The Public Defender receives State grants for specific purposes that are subject to review and audit by State agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Public Defender, such disallowances, if any, will not be significant.

Note 7 - Prior Period Adjustment

In prior year, a transfer to the operating account from the savings account was considered outstanding which actually occurred at the beginning of the current year. This adjustment resulted in an increase in beginning fund balance of \$20,000.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 8 - Governmental Revenues and Expenditures

For the year ended June 30, 2019, the major sources of governmental fund revenues and expenditures were as follows:

Revenue	
State Government Appropriation – General	\$ 87,056
Local Government	410,343
Charges for Services	9,270
Investment Earnings	<u>421</u>
Total Revenues	<u>\$ 507,090</u>
Expenditures	
Personal Services and Benefits	
Salaries	\$ 128,400
Insurance	19,864
Payroll Taxes	<u>8,733</u>
Total	<u>156,997</u>
Professional Development	
Dues, Licenses and Regulations	4,872
Travel	<u>2,640</u>
Total	<u>7,521</u>
Operating Costs	
Library and Research	15,776
Contract Services – Attorney/Legal	351,640
Contract Services – Other	9,359
Lease – Office	7,800
Travel – Transportation	14,046
Travel – Other	-
Insurance	12,424
Supplies	3,431
Repairs and Maintenance	2,466
Utilities and Telephone	9,426
Capital Outlay	-
Other	<u>5,632</u>
Total	<u>432,000</u>
Total Expenditures	<u>\$ 596,509</u>

Note 9 - Subsequent Events

Subsequent events were evaluated through September 19, 2019, which is the date the financial statements were available to be issued. As of September 19, 2019, there were no subsequent events noted.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)
BUDGETARY COMPARISON SCHEDULES

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Actual	Variances Favorable (Unfavorable)
Revenues			
State Revenue	\$ 104,431	\$ 87,056	\$ (17,375)
Court Fees and Costs Assessed	480,000	388,356	(91,644)
Bond Fees and Forfeitures	25,263	18,617	(6,646)
Application Fees	6,000	3,370	(2,630)
Other Revenue	4,000	9,270	5,270
Interest Revenue	-	421	421
	<u>619,694</u>	<u>507,090</u>	<u>(112,604)</u>
Expenditures			
Salaries	116,400	128,400	(12,000)
Dues and Seminars	3,750	4,872	(1,122)
Medical Insurance	13,186	19,864	(6,678)
Travel	23,938	16,686	7,252
Contract Services	343,560	345,604	(2,044)
Facilities Rent	7,200	7,800	(600)
Office Repairs and Maintenance	2,272	2,466	(194)
Office Supplies	1,748	3,431	(1,683)
Office Expense	-	-	-
Payroll Taxes	10,041	8,733	1,308
Workers Comp Insurance	3,153	2,140	1,013
Insurance - Auto/Physical Liability	-	-	-
Malpractice Insurance	12,000	10,284	1,716
Accounting Fees	9,795	9,315	480
Conflict	10,000	6,080	3,920
Telephone and Utilities	7,989	9,426	(1,437)
Library, Journals and Subscriptions	14,980	15,776	(796)
Miscellaneous	-	5,632	(5,632)
	<u>580,012</u>	<u>596,509</u>	<u>(16,497)</u>
Excess of Revenue Over Expenditures	39,682	(89,419)	(129,101)
Fund Balance - Beginning of the Year (Restated)	<u>318,981</u>	<u>318,981</u>	<u>-</u>
Fund Balance - End of the Year	<u>\$ 358,663</u>	<u>\$ 229,562</u>	<u>\$ (129,101)</u>

The accompanying notes are an integral part of this financial statement.

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Sixth Judicial District Public Defender's office during the month of June for comments from taxpayers. The budget is then legally adopted by the Public Defender fund. The budget is established and controlled by the Public Defender at the object level of expenditures. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and all subsequent amendments.

OTHER SUPPLEMENTAL INFORMATION

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2019

		<u>Leroy Smith</u> <u>Public Defender</u>
<i>Purpose:</i>		
Attorney Fees	\$	81,960
Travel Reimbursements		820
 Total	 \$	 <u>82,780</u>

**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**

Sixth Judicial District Public Defender
East Carroll, Madison and Tensas Parishes

I have audited, in accordance with the 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 of the Sixth Judicial District Public Defender as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Sixth Judicial District Public Defender's basic financial statements and have issued my report thereon dated September 19, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Sixth Judicial District Public Defender's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sixth Judicial District Public Defender's internal control. Accordingly, I do not express an opinion on the effectiveness of the Sixth Judicial District Public Defender'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Public Defender'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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies as item 19-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Public Defender's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 19-2.

Sixth Judicial District Public Defender's Response to Findings

The Sixth Judicial District Public Defender's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned cost. The Public Defender's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results 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 Public Defender's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. The purpose of this report is for the information of management and the Legislative Auditor and is not intended to be or should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is to be distributed by the Legislative Auditor as a public document.

David M. Sawtelle, CPA (APAC)

West Monroe, Louisiana
September 19, 2019

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Sixth Judicial District Public Defender
 East Carroll, Madison and Tensas Parishes, Louisiana

I have audited the financial statements of the Sixth Judicial District Public Defender as of and for the year ended June 30, 2019, and have issued my report thereon dated September 19, 2019. I conducted my 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. My audit of the financial statements as of June 30, 2019, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

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

Internal Control

Material Weakness yes no

Significant Deficiencies not considered to be
 Material Weaknesses yes no

Compliance

Compliance Material to Financial Statements yes no

B. Federal Awards – N/A

Material Weakness Identified yes no

Significant Deficiencies not considered to be
 Material Weaknesses yes no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified Qualified

Disclaimer Adverse

Are their findings required to be reported in accordance with the Uniform
 Guidance (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)
 CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a “low-risk” auditee, as defined by the Uniform Guidance? N/A

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019 (continued)

19-1 Improving Segregation of Cash Duties

Condition:

At present, only one employee handles all aspects of the accounting system. She is responsible for, or has access to, the handling, recording and mailing of cash disbursements and receipts. Currently, she is the only person that is trained to do this job.

Criteria & Effect:

A fundamental concept in a good system of internal control is the segregation of duties.

Recommendation:

Although the size of the Public Defender's accounting staff prohibits complete adherence to this concept, I believe the following practices could be implemented to improve existing internal control without impairing efficiency.

- Mail should be opened by an employee not responsible for accounting, such as the head of the Public Defender's office. Cash receipts could be recorded and the deposit prepared by this person.
- Bank statements, cancelled checks, etc. should be received by someone other than the employee maintaining cash records. Such items could be periodically reviewed prior to turning them over for reconciliation. Unusual items noted during the review should be investigated promptly.
- Signed checks should be also mailed without allowing them to be returned to the employee responsible for accounts payable.
- Management should review supporting documents for normal recurring disbursements (not usually reviewed) on a spot-check basis. Non routine testing would aid in ensuring compliance with Town policy for all disbursements.
- Credit card statements should be reviewed monthly by the head of the Public Defender's office.

Also, the Public Defender should consider hiring another person to train to help the accountant and assist her in her daily duties.

Response:

The Public Defender has the opportunity to review the bank statements and reconciliations at any time. The monthly invoices are also reviewed. Two signatures are required on all checks written and the head of the Public Defender's office reviews each invoice prior to his signature. The cost of hiring a second employee to provide these safeguards far outweigh the benefits.

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019 (continued)

19-2 Failure to comply with the Local Government Budget Act (LGBA)

Condition:

The LGBA requires budget amendments when total actual expenditures plus projected expenditures for the remainder of the year are exceeding the total budgeted expenditures by 5% or more.

The Public Defender's original budget provided for \$619,694 of revenues and the actual revenues were \$507,090. This budget variance exceeds the 5% allowed by the LGBA.

Criteria:

According to the Local Government Budget Act, the governing authority must adopt a budget amendment if there is a 5% or greater shortage in revenue or a 5% or greater overage in expenditures or if there is a 5% or greater variance in the actual fund balance at the beginning of the year.

Effect:

The entity is out of compliance with the Local Government Budget Act.

Recommendation:

The Public Defender should monitor its budget closely and make amendments as necessary.

Response:

Management will monitor actual and budgeted expenditures more closely in the future, and will make amendments as necessary.

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

18-1 Improving Segregation of Cash Duties

Condition:

At present, only one employee handles all aspects of the accounting system. She is responsible for, or has access to, the handling, recording and mailing of cash disbursements and receipts. Currently, she is the only person that is trained to do this job.

Recommendation:

Although the size of the Public Defender's accounting staff prohibits complete adherence to this concept, I believe the following practices could be implemented to improve existing internal control without impairing efficiency.

- Mail should be opened by an employee not responsible for accounting, such as the head of the Public Defender's office. Cash receipts could be recorded and the deposit prepared by this person.
- Bank statements, cancelled checks, etc. should be received by someone other than the employee maintaining cash records. Such items could be periodically reviewed prior to turning them over for reconciliation. Unusual items noted during the review should be investigated promptly.
- Signed checks should be also mailed without allowing them to be returned to the employee responsible for accounts payable.
- Management should review supporting documents for normal recurring disbursements (not usually reviewed) on a spot-check basis. Non routine testing would aid in ensuring compliance with Town policy for all disbursements.
- Credit card statements should be reviewed monthly by the head of the Public Defender's office.

Also, the Public Defender should consider hiring another person to train to help the accountant and assist her in her daily duties.

Response:

The Public Defender has the opportunity to review the bank statements and reconciliations at any time. The monthly invoices are also reviewed. Two signatures are required on all checks written and the head of the Public Defender's office reviews each invoice prior to his signature. The cost of hiring a second employee to provide these safeguards far outweigh the benefits. See finding 19-1 for the year ended June 30, 2019.

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

18-2 Failure to comply with the Local Government Budget Act (LGBA)

Condition:

The LGBA requires budget amendments when total actual expenditures plus projected expenditures for the remainder of the year are exceeding the total budgeted expenditures by 5% or more.

The Public Defender's original budget provided for \$665,560 of revenues and the actual revenues were \$620,229. This budget variance exceeds the 5% allowed by the LGBA.

Recommendation:

The Public Defender should monitor its budget closely and make amendments as necessary.

Action Taken:

Management will monitor actual and budgeted expenditures more closely in the future, and will make amendments as necessary. See also finding 19-2 for the year ended June 30, 2019.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Sixth Judicial District Public Defender and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Sixth Judicial District 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, 2018 through June 30, 2019. 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, I 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 exceptions obtained are described in the attachment to this report.

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.

David M. Hartt, CPA (APAC)

West Monroe, Louisiana
September 19, 2019

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - 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.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, 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).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - 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
 - 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)
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - 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.
 - j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Exceptions

Currently, the Public Defender's office does not have written policies and procedures addressing budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, ethics, debt service and disaster recovery/business continuity. The Public Defender's office follows the Louisiana State Employees Guide to Travel Regulations for travel and expense reimbursement policy.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - 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.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.¹ *Alternately, for those entities reporting on the non-profit accounting model, 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.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

Exceptions

The Public Defender does not have a board or finance committee.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period 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:
 - 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);
 - 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); and
 - 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.

Exceptions

The Public Defender's office has two bank accounts and all bank reconciliations for each month have been prepared. There is no evidence that a member of management with no involvement in the transactions associated with the bank accounts have reviewed each bank reconciliation.

Collections (excluding EFTs)

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).
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:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - 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.
 - 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.
 - 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
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.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Exceptions

All cash/checks/money order (cash) collections is done at one location, the Public Defender's office. There is only one employee that handles all aspects of the accounting process and she is not bonded. That employee receives the checks from three other agencies as well as State Appropriations and makes the deposit. A copy of the check received is made and put in the file and no sequentially numbered receipts are used.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

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).
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.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) 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.
 - d) 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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]
10. 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:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Exceptions

A listing of disbursements was obtained and from that, 25 disbursements were randomly selected. Requisition or purchase orders are not used in purchasing and there is no approval on the invoices. There is only one employee in charge of all areas of the accounting function. This employee can add vendors to the computer system, has signatory authority, and initiates the purchase. She maintains blank checks in the filing cabinet and no signature stamp is used.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.
12. 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:
 - 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 (or electronically approved), 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.]

- b) Observe that finance charges and late fees were not assessed on the selected statements.
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). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Exceptions

The Public Defender’s office does not use any type of credit, debit, fuel or p-cards..

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

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:
- 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 (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) 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).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exceptions

A list of all travel and related expense reimbursements, by person, was obtained. From this list, 3 travel reimbursements were selected to test the reimbursement reports, itemized receipts, that the purpose was documented and all reviewed without exception. The Public Defender’s office follows the Louisiana State Employees Guide to Travel Regulations. The reimbursements are reviewed and approved by someone other than the person receiving the reimbursement.

Contracts

15. 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:

- a) 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.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) 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.

Exceptions

The only contracts in effect with the Public Defender's office are contracts with four attorneys that work for the Public Defender, and the contracts are updated annually. The amount paid to each attorney monthly was compared to their individual contract without exception.

Payroll and Personnel

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.
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:
 - 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.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
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' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
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.

Exceptions

There are only three employees in the Public Defender's office. There are no formal employment contracts or pay rate structure. No changes were made to salaries during the year. No attendance or leave records are required to be maintained and no employees were terminated during the year.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above² 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.

Exceptions

All employees received the required ethics training. Inquired as to any alleged ethics violations being reported to them and there were none.

Debt Service

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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Exceptions

This is not applicable for this entity.

Other

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.
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.

Exceptions

Inquired of management whether the Public Defender's office had any misappropriations of public funds or assets and there was none. The entity does not have posted on its premises the notice required by R.S. 24:523.1.
