

**BATON ROUGE CAPITAL
CONFLICT OFFICE, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDING
DECEMBER 31, 2017 AND 2016**

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DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Baton Rouge Capital Conflict Office, Inc.
Baton Rouge, LA

Report on the Financial Statements

We have audited the accompanying financial statements of Baton Rouge Capital Conflict Office, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge Capital Conflict Office, Inc. as of December 31, 2017 and 2016, and 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

Other Information

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 Chief Executive Officer, 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.

The Statewide Agreed Upon Procedures are not a required part of the basic financial statements but is supplementary information required by Louisiana State Law. 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. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed Upon Procedures. However we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018 on our consideration of Baton Rouge Capital Conflict Office, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Baton Rouge Capital Conflict Office, Inc.'s internal control over financial reporting and compliance.

Daigrepoint + Brian, APAC

Daigrepoint & Brian, APAC
Baton Rouge, Louisiana

June 22, 2018

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash	\$ 431,659	\$ 437,896
Contract receivable	92,501	-
Prepaid expenses	5,684	5,531
Total Current Assets	<u>529,844</u>	<u>443,427</u>
Property and Equipment, net	<u>8,493</u>	<u>12,218</u>
Total Assets	<u>\$ 538,337</u>	<u>\$ 455,645</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued liabilities	<u>\$ 10,848</u>	<u>\$ 11,495</u>
Total Current Liabilities	10,848	11,495
Total Liabilities	<u>10,848</u>	<u>11,495</u>
Net Assets		
Unrestricted net assets	<u>527,489</u>	<u>444,150</u>
Total Liabilities and Net Assets	<u>\$ 538,337</u>	<u>\$ 455,645</u>

See accompanying notes and independent auditors' report.

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDING DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUES		
Louisiana Public Defender Board	\$ 1,089,505	\$ 1,135,000
Expense reimbursements	81,681	50,566
Interest income	606	309
Contributions	150	-
In-kind contributions	4,000	2,400
Total Revenues	<u>1,175,942</u>	<u>1,188,275</u>
EXPENSES		
Program services	1,058,020	968,377
Management and general	34,583	33,722
Total Expenses	<u>1,092,603</u>	<u>1,002,099</u>
CHANGE IN NET ASSETS	83,339	186,176
Net assets - beginning of year	<u>444,150</u>	<u>257,974</u>
Net assets - end of year	<u>\$ 527,489</u>	<u>\$ 444,150</u>

See accompanying notes and independent auditors' report.

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD ENDING DECEMBER 31, 2017

	Program Services	Management & General	Total
Accounting	\$ 6,960	\$ 290	\$ 7,250
Computer expenses	5,495	229	5,724
Education and reference	18,824	-	18,824
Depreciation expense	3,725	-	3,725
Dues and subscriptions	4,684	-	4,684
Expert expenses	81,728	-	81,728
Insurance	90,686	3,779	94,465
Investigative expenses	3,297	-	3,297
Medical records	6,291	-	6,291
Office expenses	12,416	517	12,933
Parking	2,345	-	2,345
Payroll taxes	49,618	2,067	51,685
Postage and delivery	775	16	791
Printing and reproduction	4,114	-	4,114
Rent	67,905	-	67,905
Salaries and wages	654,129	27,255	681,384
Telephone	10,315	430	10,745
Travel	34,713	-	34,713
	<u>1,058,020</u>	<u>34,583</u>	<u>1,092,603</u>

See accompanying notes and independent auditors' report.

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD ENDING DECEMBER 31, 2016

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Accounting	\$ 6,960	\$ 290	\$ 7,250
Client supplies	130	-	130
Computer expenses	6,070	253	6,323
Education and reference	7,617	-	7,617
Depreciation expense	3,631	-	3,631
Dues and subscriptions	4,970	-	4,970
Expert expenses	48,736	-	48,736
Insurance	89,788	3,741	93,529
Investigative expenses	1,333	-	1,333
Medical records	1,075	-	1,075
Office expenses	9,672	403	10,075
Parking	1,521	-	1,521
Payroll taxes	48,738	2,031	50,769
Postage and delivery	415	8	423
Printing and reproduction	812	-	812
Rent	66,506	-	66,506
Salaries and wages	639,575	26,649	666,224
Telephone	8,337	347	8,684
Travel	22,491	-	22,491
	<u>968,377</u>	<u>33,722</u>	<u>1,002,099</u>

See accompanying notes and independent auditors' report.

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDING DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	83,339	186,176
<u>Adjustments to reconcile net revenues over expenses</u> <u>to net cash provided by (used in) operating activities:</u>		
Depreciation	3,725	3,631
Increase in contract receivable	(92,501)	-
Increase in prepaids	(153)	-
Increase (decrease) in accrued liabilities	(647)	2,728
Net cash provided by (used in) operating activities	<u>(6,237)</u>	<u>192,535</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>(1,076)</u>
Net cash used by investing activities	<u>-</u>	<u>(1,076)</u>
NET INCREASE (DECREASE) IN CASH	(6,237)	191,459
CASH, BEGINNING OF YEAR	<u>437,896</u>	<u>246,437</u>
CASH, END OF YEAR	<u><u>431,659</u></u>	<u><u>437,896</u></u>

See accompanying notes and independent auditors' report.

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

1. Summary of Significant Accounting Policies

Nature of Operations

Baton Rouge Capital Conflict Office, Inc. (the Organization) was formed as a non-profit organization in December of 2001. The Organization provides criminal defense services to indigent persons in the State of Louisiana who are facing the death penalty at no charge to the defendant. Support for the Organization comes from the Louisiana Public Defender Board.

Basis of Accounting

The financial statements of Baton Rouge Capital Conflict Office, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements are prepared in accordance with generally accepted accounting principles promulgated in the United States of America for not-for-profit organizations. The Organization reports information about its financial position and activities using three classes of net assets that recognize the existence and nature of restrictions on its net assets.

Unrestricted net assets represent resources over which the Board of Directors has unlimited discretionary control to use in carrying out the activities of the Organization in accordance with the Articles of Incorporation and bylaws.

Temporarily restricted net assets represent resources over which use is limited by donor-imposed restrictions that will be met either by actions of the organization or by passage of time.

Permanently restricted net assets represent resources whose use is limited by donor-imposed restrictions that require the net assets to be maintained permanently.

Restricted and Unrestricted Support

Contributions received are recorded as temporarily restricted, permanently restricted or unrestricted support depending on the nature of any donor restriction. Contributions made to the Organization are considered available for unrestricted use unless specifically restricted by the donor. Contributions of property and equipment are reported as unrestricted contributions when placed in service unless the donor has restricted the use of the asset to a specific purpose or time period. Contributions of cash or other assets are unrestricted when acquired and placed in service, unless the donor has also required that the asset be used for a specific purpose or time period.

All restricted support is reported as an increase in temporarily or permanently restricted net assets. However, support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is received. When a restriction expires, such as when a stipulated time period ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Cash

Cash includes all funds in checking and savings accounts.

Income Taxes

The Organization accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

The Organization is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is no longer subject to federal information return examinations by tax authorities for years before 2014.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

Functional Expenses

The Organization allocates its expenses on a functional basis between program service or management and general. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

2. Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for betterments that materially prolong the useful lives of assets are capitalized and are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives which is typically 5-7 years.

Property and equipment consists of the following:

	2017	2016
Furniture and fixtures	\$ 7,029	\$ 7,029
Machinery and equipment	40,446	40,446
	47,475	47,475
Accumulated depreciation	(38,982)	(35,257)
	<u>\$ 8,493</u>	<u>\$ 12,218</u>

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

3. Commitments and Contingencies

The Organization receives the majority of its revenue from a contract with the Louisiana Public Defender Board. Funds paid out under this contract are subject to approval by the legislature. It is possible that funding under the contract could be reduced or eliminated based on decisions by the legislature. Management is not aware of any pending reductions or elimination of the contract.

4. Concentrations

Approximately all of the Organization's revenue is from funding provided by the Louisiana Public Defender Board. All of the Organizations Accounts Receivable is due from the Louisiana Public Defender Board.

Financial instruments, which potentially subject the Organization to concentrations of credit risk consist of cash deposits held with local banks. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. As of December 31, 2017 and 2016, Baton Rouge Capital Conflict Office had \$188,326 and \$193,704 above the insured limit. The Organization places its deposits with high-credit, quality financial institutions and does not believe that it is exposed to any significant credit risk on uninsured amounts.

5. In-Kind Contributions

The Organization uses five licenses to the LexisNexis database provided by The Louisiana Appellate Project at no cost to the Organization. The use of these three licenses is valued at \$4,000. The value of the in-kind contribution is reported as revenue and an education and reference expense of the Organization.

6. Leases

The Organization leases office space and office equipment under non-cancelable operating leases of various lengths. Total lease payments for office space were \$67,905 and \$66,506 for the years ending December 31, 2017 and 2016, respectively. Total lease payments for office equipment were \$4,426 and \$4,312 for the years ending December 31, 2017 and 2016, respectively.

Future minimum lease payments are as follows:

	Office Space
2018	68,210
2019	68,210

7. Reimbursed Expenses

In accordance with the contract, the Louisiana Public Defender Board reimburses the Organization for expenditures relating to expert witnesses and investigations held out of the state of Louisiana. These expenditures fluctuate from year to year depending on the number of experts needed and number of cases that go to trial. The expenditure is shown on the Statement of Functional Expenses under the caption expert expenses.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO THE EXECUTIVE DIRECTOR
FOR THE YEAR ENDING DECEMBER 31, 2017**

Executive Director	K. Romanach
Salary	\$ 98,330
Benefits	-
Travel Reimbursements	1,774
	<u>\$ 100,104</u>

See accompanying notes and independent auditors' report.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' 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
Baton Rouge Capital Conflict Office, Inc.
Baton Rouge, LA

We 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 Baton Rouge Capital Conflict Office, Inc., (a non-profit organization) which comprise the statement of financial position as of December 31, 2017 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Baton Rouge Capital Conflict Office, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Baton Rouge Capital Conflict Office, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Baton Rouge Capital Conflict Office Inc.'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 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 the 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 Baton Rouge Capital Conflict Office, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. This report is intended solely for the information and use of the audit committee, management, others within the organization, the Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Daigrepoint + Brian, APAC

Daigrepoint & Brian, APAC
Baton Rouge, Louisiana

June 22, 2018

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2017**

We have audited the financial statements of Baton Rouge Capital Conflict Office, Inc., as of December 31, 2017, and for the year then ended, and have issued our report thereon dated June 22, 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.

Summary of Auditors' Reports

Type of auditor's report issued	Unmodified		
Material weakness(es) identified?	Yes	_____	No <u> X </u>
Significant deficiencies identified that are not considered to be a material weakness?	Yes	_____	No <u> X </u>
Compliance Noncompliance material to the financial statements	Yes	_____	No <u> X </u>

Findings

There are no findings for the year ended December 31, 2017

Questioned Costs

There are no questioned costs for the year ended December 31, 2017

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDING DECEMBER 31, 2016**

Summary of Prior Audit Findings

There were no prior year audit findings.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Baton Rouge Capital Conflict Office, Inc.
Baton Rouge, LA

We have performed the procedures enumerated below, which were agreed to by the management of Baton Rouge Capital Conflict Office, Inc. 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 December 31, 2017. The Organization's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain 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.

Results: The organization's policies and procedures address each of the categories and subcategories as noted above.

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. *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 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.

Results: The board of directors hold regular meetings annually and as needed. The frequency of board meetings is not mentioned in the organization's bylaws.

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.

Results: No exceptions noted as a result of applying this procedure.

Collections

- 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).

Results: No exceptions noted as a result of applying this procedure.

- 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.

Results: No exceptions noted as a result of applying this procedure.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: No exceptions noted as a result of applying this procedure.

- 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.

Results: No exceptions noted as a result of applying this procedure.

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).

Results: No exceptions noted as a result of applying this procedure.

- 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.

Results: On 9c listed above, the employee who processes payments also enters the vendor information in the account software. On 9d listed above, checks are mailed by someone who is responsible for processing payments after a separate employee signs the checks.

- 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.

Results: No exceptions noted as a result of applying this procedure.

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.

Results: No exceptions noted as a result of applying this procedure.

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, 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.

Results: No exceptions noted as a result of applying this procedure.

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).

Results: No exceptions noted as a result of applying this procedure.

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.

Results: No exceptions noted as a result of applying this procedure.

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.

Results: No exceptions noted as a result of applying this procedure.

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.

Results: No exceptions noted as a result of applying this procedure.

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.

Results: No exceptions noted as a result of applying this procedure.

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.

Results: No exceptions noted as a result of applying this procedure.

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.

Results: No exceptions noted as a result of applying this procedure.

Ethics

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.

Results: Procedure in not applicable to entity.

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.

Results: Procedure is not applicable to 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.

Results: No exceptions noted as a result of applying this procedure.

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.

Results: No exceptions noted as a result of applying this procedure.

Management's Response: We have reviewed this independent accountant's report on applying agreed-upon procedures and agree with the exceptions noted. We will review our policies and procedures and update accordingly to include the best practices suggested by the Louisiana Legislative Auditor.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the United States

Comptroller General. 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.

Daigrepoint + Brian, APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

June 22, 2018