

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

DECEMBER 31, 2017

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Capital Post-Conviction Project of Louisiana

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

We have audited the accompanying financial statements of Capital Post-Conviction Project of Louisiana (a non-profit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Post-Conviction Project of Louisiana as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The schedule of functional expenses on page 7, and the Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer on page 19, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018, on our consideration of Capital Post-Conviction Project of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capital Post-Conviction Project of Louisiana's internal control over financial reporting and compliance.

*LeBlanc Hausknecht, L.L.P.*

Metairie, Louisiana  
June 22, 2018

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 562,691
Grants Receivable	793,339
Due from Agency Fund	112
Total Current Assets	<u>1,356,142</u>
Property and Equipment	
Equipment and Furniture	202,094
Less: Accumulated Depreciation	<u>(190,142)</u>
Total Property and Equipment	<u>11,952</u>
Total Assets	<u>\$ 1,368,094</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 25,274
Deferred Revenue	793,339
Total Current Liabilities	<u>818,613</u>
Net Assets	
Unrestricted	<u>549,481</u>
Total Net Assets	<u>549,481</u>
Total Liabilities and Net Assets	<u>\$ 1,368,094</u>

See independent auditor's report and notes to financial statements.

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

UNRESTRICTED NET ASSETS

Unrestricted Revenues	
Government Grants	\$ 1,432,885
Other Revenue	100,891
In Kind Contributions	2,250
Interest Income	<u>532</u>
Total Unrestricted Revenues	<u>1,536,558</u>
Expenses	
Program Services	1,786,666
Supporting Services	<u>132,477</u>
Total Expenses	<u>1,919,143</u>
Change in Unrestricted Net Assets	(382,585)
Net Assets at Beginning of Year	<u>932,066</u>
Net Assets at End of Year	<u>\$ 549,481</u>

See independent auditor's report and notes to financial statements.

**CAPITAL POST-CONVICTION PROJECT OF LOUISIANA**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2017

	<u>Total</u>	<u>Program Services</u>	<u>Supporting Services</u>
Salaries & Wages	\$ 731,238	\$ 658,114	\$ 73,124
Payroll Taxes	58,562	52,706	5,856
Fringe Benefits	144,979	130,481	14,498
Grants to Others	281,471	281,471	0
Expert Witness Fees	6,344	6,344	0
Investigator Fees	74,343	74,343	0
Case Expenses - General	27,247	27,247	0
PC Pro Bono Expert Witness Fees	324,114	324,114	0
Accounting/Audit Fees	15,500	0	15,500
Computer Consultant	33,348	30,013	3,335
Occupancy	113,686	102,317	11,369
Telephone	12,641	11,377	1,264
Depreciation	4,563	4,107	456
Computer Expenses	19,636	17,672	1,964
Office Expenses	35,083	31,575	3,508
Publications	9,114	9,114	0
Conferences and Meetings	3,025	3,025	0
Continuing Education/Dues	8,225	8,225	0
Insurance Expense:Supporting Services	<u>16,024</u>	<u>14,421</u>	<u>1,603</u>
 Total Expenses	 <u>\$ 1,919,143</u>	 <u>1,786,666</u>	 <u>\$ 132,477</u>
 Percentage of total expenses		 0.93 %	 0.07 %

See independent auditor's report and notes to financial statements.

**CAPITAL POST-CONVICTION PROJECT OF LOUISIANA**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2017**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Increase (Decrease) in Net Assets	\$ (382,585)
Adjustments to reconcile increase in net assets to	
Net cash provided by operating activities:	
Depreciation and amortization	4,563
(Increase) decrease in operating assets:	
Grants Receivable	32,215
Due From Others	(112)
Increase (decrease) in operating liabilities:	
Accounts Payable	14,644
Deferred Revenue	(32,215)
Total adjustments	<u>19,095</u>
Net cash provided (used) by operating activities	<u>(363,490)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Payments for Property and Equipment	<u>(2,250)</u>
Net cash provided (used) by investing activities	<u>(2,250)</u>
Net increase (decrease) in cash and equivalents	(365,740)
Cash and equivalents, beginning of year	<u>928,431</u>
Cash and equivalents, end of year	<u>\$ 562,691</u>

See independent auditor's report and notes to financial statements.

**FIDUCIARY FUND STATEMENT  
AGENCY FUND**

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2017

ASSETS	
Cash and cash equivalents	\$ 502,884
Trial Counsel Expert Witness Funds Receivable	<u>145,833</u>
TOTAL ASSETS	<u>\$ 648,717</u>
LIABILITIES	
Due to Others - Expert Witnesses	\$ 648,605
Due to CPCPL - Interest Earned	<u>\$ 112</u>
TOTAL LIABILITIES	<u>\$ 648,717</u>

See independent auditor's report and notes to financial statements.

# CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

Capital Post-Conviction Project of Louisiana (the Organization) is a non-profit corporation organized exclusively for charitable, scientific and educational purposes, including, but not limited to, providing legal representation to indigent persons in Louisiana under the sentence of death, and to providing consultation services, educational materials, and seminars to lawyers who represent indigent persons facing or under a sentence of death.

The Organization is supported primarily through government contracts and private grants and does not engage in fundraising activities.

#### Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Any other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. At December 31, 2017 the Organization had no temporarily or permanently restricted net assets.

The Organization has adopted FASB ASC No. 958-605-25-2, *Accounting for Contributions Received*. All unconditional contributions are to be measured at fair market value on the date received and be recognized currently as revenue or gains.

#### 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.

#### Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-profit Entities*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. For the year ending December 31, 2017, there were no temporarily restricted or permanently restricted net assets.

The statement of activities presents expenses of the Organization's operations functionally between program measurement, and management and general. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

# CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside of the Organization. The agency fund accounts for assets held by CPCPL under contract with the Louisiana Public Defender Board for ancillary criminal defense services on behalf of indigents accused of capital crimes. The agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. Consequently, the agency fund has no measurement focus, but uses the accrual basis of accounting.

#### Property and Equipment

It is the Organization's policy to capitalize property and equipment with an expected life of three or more years and a cost of \$500 or more. Capital assets purchased are recorded at cost. Donated assets are recorded at the estimated fair market value as of the date of donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over a five to ten year depreciable life.

#### Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

#### Revenue Recognition

Grants received from the State of Louisiana are considered available for the Organization's general programs unless specifically restricted by the state contract. Amounts received that are designated for future periods or restricted by the contract are reported as temporarily or permanently restricted support and increase to the respective class of net assets. Grants received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. As of December 31, 2017, there were no funds received that temporarily or permanently restricted support.

Grants receivable and deferred revenue in the accompanying statement of financial position consist of balances remaining on State of Louisiana contracts applicable to future periods.

# CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### NOTE B - FINANCIAL ASSISTANCE & CONTRACTS

#### STATE OF LOUISIANA CONTRACTS

The Organization has been awarded grants from the Louisiana Public Defenders Board (LPDB) to be used exclusively to defray the expenses of establishing and maintaining a capital post-conviction office, including contract amounts for attorneys, staff, office expenses, overhead and out-of-pocket expenses. The Funds from these grants cannot be used to defray, in whole or in part, the expenses associated with any trial or appeal as of right filed by or on behalf of a defendant who has not been sentenced to death. The scope of the contracts does not include litigation or proceedings arising out of or involving tort or worker's compensation. For the year ended December 31, 2017, the following LPDB agreements are reflected in the financial statements:

#### Contract for Criminal Defense Services on Behalf of Indigents Seeking Capital Post Conviction Relief:

##### Contract Period July 1, 2017 through June 30, 2017:

The Organization received a grant from the LPDB in the amount of \$600,000 for post-conviction services on behalf of indigents in Louisiana. The grant was amended as of July 5, 2016 to increase the amount of the grant to \$1,166,109. The grant was paid through monthly installments of \$97,175.75 from January through July 2017, for a total received in the amount of \$583,054.50.

##### Contract Period July 1, 2017 through June 30, 2018:

The Organization received a grant from the LPDB in the amount of \$1,110,009 for post-conviction services on behalf of indigents in Louisiana. During the year ended December 31, 2017, the contract amount was recorded as income and received in monthly installments of \$92,500.75 from July through December 2017, for a total of \$462,503.75 received. The remaining balance of the award in the amount of \$647,505.25, applicable to 2018, is shown on the Statement of Financial Position as a grant receivable in current assets, and as deferred revenue in the current liabilities.

## CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

#### NOTE B - FINANCIAL ASSISTANCE & CONTRACTS (continued)

##### Pro Bono Expert Witness Grant:

The Ancillary Criminal Defense Services Grants shall be used exclusively by the Organization to:

- a) Review and take action upon applications to the LPDB by indigents not represented by the Organization for funding of reasonably necessary ancillary services associated with legal representation of indigents seeking post-conviction relief of a capital conviction in Louisiana. The Organization, using the *ABA Guidelines for the Appointment and Performance of Defense Counsel in Death Penalty Cases* (2003) for evaluation, shall take action upon an application for funding within 30 days of receipt of the application either by approval of the application, denial of the application, or by the request of additional information regarding the application. Should the Organization request additional information from the applicant, the Organization shall take action by approval or denial of the application within 30 days of the receipt of the additional information requested; and
- b) Provide funding of reasonably necessary services of expert witnesses, costs of specialized scientific testing, and/or other ancillary services associated with legal representation of indigents not represented by the Organization seeking post-conviction relief of a capital conviction in Louisiana upon approval of hereinafter mentioned applications.

The scope of these Expert Fund grants does not include litigation or proceedings arising out of or involving tort or worker's compensation. The following ancillary services contracts were in effect during the current period:

##### Contract Period July 1, 2017 through June 30, 2017 - Contract for Ancillary Criminal Defense Services:

The Organization received a grant from LPDB in the amount of \$170,000 for the funding of ancillary services such as expert witnesses and specialized scientific testing to represent indigents in Louisiana. The grant was amended as of July 5, 2016 to increase the amount of the grant to \$485,000. During the period January through June of 2017, the balance of this contract was paid in monthly installments of \$40,416.65, for revenue recognized in the amount of \$242,500, with deferred revenue and grant receivable eliminated.

##### Contract Period July 1, 2017 through June 30, 2018 - Contract for Ancillary Criminal Defense Services:

The Organization received a grant from LPDB in the amount of \$250,000 for the funding of ancillary services such as expert witnesses and specialized scientific testing to represent indigents in Louisiana. During the period July through December of 2017, incremental payments of \$20,833.33 were made, for revenue recognized in the amount of \$104,167. The remaining balance of the award in the amount of \$145,833, applicable to 2018, is shown on the Statement of Financial Position as a grant receivable in current assets, and as deferred revenue in the current liabilities.

## CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

#### NOTE B - FINANCIAL ASSISTANCE & CONTRACTS (continued)

##### Angola 5-DB Contract

The Organization has entered into a contract with the Louisiana Public Defenders Board (LPDB) to be used exclusively for the representation of one of the "Angola 5" defendants on direct appeal and in related matters following his conviction and death sentence.

##### Contract Period October 1, 2015 through June 30, 2016 - Angola 5-DB Contract

The Organization entered into a contract with the LPDB in the amount of \$40,000.00 for the representation of one of the "Angola 5" defendants on direct appeal. There were no payments received on this contract in 2015. The remaining balance of the contract in the amount of \$40,000.00 is available for use in 2017. The contract is for payment to be made upon services rendered, therefore no receivable has been recorded.

##### Contract Amendments

Amendment # 1 increased the amount of the contract from \$40,000 to \$125,000 and extended the period of time to December 31, 2016. Amendment # 2 increased the amount of the contract to \$261,112 and the period of time to June 30, 2017. Amendment #3 increased the period of time to June 30, 2018. The total amount paid to the Organization under this contract in 2017 was \$40,660. The contract is for payment to be made upon services rendered, therefore no receivable has been recorded.

The scope of this Contract does not include representation of the state of any department and/or agency of state government in litigation or proceedings arising out of or involving tort or worker's compensation.

##### Federal Reimbursements

The Organization billed certain amounts to the US District Court for time worked in the federal court system. These amounts are reimbursable upon the Courts being invoiced by the Organization. During 2017, the amounts for these reimbursements totaled \$97,935 and is included in other revenue in the Statement of Activities.

#### NOTE C - CASH AND EQUIVALENTS

At December 31, 2017 the Organization had cash and cash equivalents (book balances) totaling \$1,062,815 in demand deposits. These deposits are stated at cost, which approximates market. As of December 31, 2017, the Organization had \$1,117,122 in deposits (collected bank balances) of which \$528,509 were fiduciary funds. These deposits were secured by \$250,000 in Federal Deposit Insurance and \$345,385 in pledged securities.

# CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### NOTE D - PROPERTY AND EQUIPMENT

As of December 31, 2017, the Organization had property, plant, and equipment and depreciation as follows:

Equipment and Furniture	\$ 202,094
Accumulated Depreciation	<u>(190,142)</u>
Total Property and Equipment	<u>\$ 11,952</u>
Depreciation Expense	<u>\$ 4,563</u>

### NOTE E - GRANTS TO OTHERS

During the year ended December 31, 2017, various attorneys have been engaged under contract to work on specific cases. The contracts are for a stated period of time with payment due upon the submission of invoices by the attorney to the Organization. Quarterly status reports are to be submitted to the Organization within 15 days of the end of each quarter. As of December 31, 2017 there were no outstanding amounts due to attorneys under these contracts.

### NOTE F - DESCRIPTION OF LEASING ARRANGEMENTS

#### UCI Communications

The Organization is a party to an agreement with UCI Communications for network services. The term of the lease was for two years, expiring in February, 2006. Upon expiration of the minimum term commitment, the agreement automatically renewed on a month-to-month basis until 30-day notice of termination by either party is given.

#### Nuvox Communications / Windstream

An amended agreement was entered into with Nuvox Communications (formerly New South Communications), on October 5, 2009, for phone services. This was a three year agreement expiring on December 31, 2012. The agreement states that after the three year agreement expires, the lease will be automatically renewed on a yearly basis unless terminated. The Organization has elected this option, and currently still operating under this lease.

## CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

#### NOTE F - DESCRIPTION OF LEASING ARRANGEMENTS (continued)

##### Gulf Coast Office Products

The Organization is party to one lease with Gulf Coast Office Products financed through US Bank for the lease of digital copiers/scanners. The term of the lease is for five years and was entered into on July 2015. Upon expiration of the minimum term commitment, the Organization will have the option to purchase the equipment at its then fair market value.

Minimum lease payments are as follows:

2017	9,336
2018	9,336
2019	9,336
2020	4,668
Thereafter	0
Total	<u>\$ 32,676</u>

##### Dovie Consulting

A twelve month agreement was entered into with Dovie Consulting, on July 01, 2007 for computer consulting services. After the term of the lease expired, both parties agreed to continue on a month to month basis. Dovie Consulting will provide 24 hour, 7 days per week of computer service at a rate of \$2,768 per month.

##### Commercial Property Lease

The Organization amended (Second Amendment) their lease with REGIS Property Management, LLC in February of 2007 for office space when they moved to a different floor. The terms of the lease have been amended to extend through January 31, 2017. Amendment No. 3 extended the lease term to June 30, 2017, and replaced REGIS Property Management, LLC with Orleans Tower, LLC as the Landlord. Amendment No. 4 extended the term of the lease to June 30, 2018.

The monthly base rent is \$8,782. In addition to the base rent, the Organization pays \$85 per employee per month for parking, and common area charges, both of which could fluctuate from month to month.

Minimum payments for the base rent under the lease are as follows:

2017	105,384
2018	52,689
Thereafter	-
Total	<u>\$ 158,073</u>

## CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

#### NOTE G - 401(K) PLAN

The Organization became a participant in the ABA Members Retirement Program with an effective date of January 1, 2003. Eligible employees were allowed to make deferred compensation contributions to the plan beginning in 2003, and there were no employer contributions made during the year. All employees who have attained the age of 21 are allowed to participate.

The ABA conducted discrimination testing on the plan, and reported full compliance for the years ended December 31, 2017.

#### NOTE H - CONCENTRATION OF SUPPORT

The Organization receives a substantial amount of their revenue from government grants. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's ability to fulfill their programs. Approximately 93.00% of the Organization's support for the year ended December 31, 2017 came from governmental grants.

#### NOTE I - SUBSEQUENT EVENTS

FASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued. Management evaluated the activity of the Organization through June 22, 2018, the date the financial statements were issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the Notes to the Financial Statements as of December 31, 2017.

#### State of Louisiana Budget Crisis:

As indicated in Note H, the Organization's support is primarily from government grants. The primary source of funding is through the Louisiana Public Defender Board (LPDB). Due to funding reductions to the LPDB by the State of Louisiana over the past few years, the Organization has been impacted as well.

CPCPL's operating budget has changed significantly going from \$2,361,750 in FY15-16 to \$1,166,109 in FY16-17 to \$1,110,000 for FY17-18. CPCPL's Ancillary Fund has also declined over the years from \$800,000 for FY15-16 to \$170,000 and then increasing to \$250,000 for FY17-18 (see Note B for restrictions on CPCPL for use of these funds).

# CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### NOTE I - SUBSEQUENT EVENTS (continued)

These reductions are expected to be maintained and repeated in subsequent fiscal years, as the LPDB is now statutorily mandated to re-direct their funding allocation away from 501(c)(3) non-profit capital programs such as CPCPL and towards district public defender offices. This mandate was previously enacted under House Bill No. 1137 / Act No. 571 in the 2016 Regular Session, and then incorporated into LA R.S. 15:167, effective 5/9/18. Per the revised statute, the LPDB must dedicate at least 65% of its annual budgeted funds to the district defender offices throughout the state.

To prepare for the significant reduction in income for CPCPL, resignations from and layoffs of permanent staff positions have taken place and were finalized on or before June 30, 2016. Some previously vacant staffing positions have been eliminated and the size of the permanent staff has been reduced from 22 to 13 full time staff in 2016, and from 13 to 11 full time staff and 1 part time employee in 2017. CPCPL has implemented and absorbed the cuts in funding and will continue to evaluate operations to cover the reduced income for the remainder of 2017 / 2018 and into the future.

#### Expected Funding for the Budget Year 2018 / 2019:

The projected budgets for 2018 / 2019 are expected to remain relatively consistent with the 2017 / 2018 levels. Staffing levels are expected to remain steady in 2018 / 2019. Federal reimbursements are expected to continue to increase due to increased litigation in the federal court system.

SUPPLEMENTARY INFORMATION

**CAPITAL POST-CONVICTION PROJECT OF LOUISIANA  
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS  
AND OTHER PAYMENTS TO AGENCY HEAD,  
POLITICAL SUBDIVISION HEAD OR CHIEF EXECUTIVE OFFICER  
For the Year Ended December 31, 2017**

AGENCY HEAD NAME: Gary P. Clements, ESQ., Executive Director

<b>PURPOSE</b>		<b>AMOUNT</b>
Salary	\$	105,000
Benefits - Insurance		22,232
Dues (Bar Dues & Court Admissions)		885
Travel		782

See independent auditor's report and notes to financial statements.

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

To the Board of Directors  
Capital Post-Conviction Project of Louisiana

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 Capital Post-Conviction Project of Louisiana (a nonprofit 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 Capital Post-Conviction Project of Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Capital Post-Conviction Project of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Capital Post-Conviction Project of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*LeBlanc Hausknecht, L.L.P.*

Metairie, Louisiana  
June 22, 2018

**CAPITAL POST-CONVICTION PROJECT OF LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SECTION I –SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements:**

- A. The auditor's report expresses an unmodified opinion on the financial statements of Capital Post-Conviction Project of Louisiana.
- B. There was no material weaknesses and no significant deficiency disclosed during the audit of the financial statements of Capital Post-Conviction Project of Louisiana.
- C. There were no instances of noncompliance material to the financial statements of Capital Post-Conviction Project of Louisiana which would be required to be reported in accordance with Government Auditing Standards.

**Federal Awards**

- D. The type of report issued on compliance for major programs: N/A.
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-13: N/ A
- F. Major programs: N/A.
- G. Dollar threshold used to distinguish between Type A and Type B programs: N/A.
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: N/A.
- I. A management letter was issued: No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Not applicable.

**CAPITAL POST-CONVICTION PROJECT OF LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

NO PRIOR YEAR FINDINGS

**CAPITAL POST-CONVICTION PROJECT OF LOUISIANA**

**Statewide Agreed-Upon Procedures Report  
For the period January 1, 2017 through December 31, 2017**

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

**For the Period of January 1, 2017 – December 31, 2017**

**To Gary Clements, Executive Director**

**and to the Louisiana Legislative Auditor:**

We have performed the procedures enumerated below, which were agreed to by the Capital Post Conviction Project of Louisiana (hereafter "CPCPL"), and the Louisiana Legislative Auditor (hereafter "LLA") on the control and compliance (hereafter "C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures (hereafter "SAUPs") for the period January 1, 2017 thru December 31, 2017. CPCPL'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**

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- 1) Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - (a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
  - (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, including receiving, recording, and preparing deposits.
  - (e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

**WRITTEN POLICIES AND PROCEDURES - CONTINUED**

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- (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, and (5) monitoring card usage.
- (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. Note: Ethics requirements are not applicable to nonprofits (*not applicable to CPCPL*).
- (j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements (*not applicable to CPCPL*).

**Results:** *We obtained the CPCPL written policies and procedures directly from the Project Coordinator, and found that CPCPL did have written policies for the above financial / business functions.*

**BOARD (OR FINANCE COMMITTEE, IF APPLICABLE)**

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- 2) Obtain and review the board/committee minutes for the fiscal period, and:
- (a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
  - (b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
    - ◆ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
  - (c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Results:** *We obtained the board of director minutes for CPCPL held during the fiscal period and found the following:*

- (a) *We found that CPCPL's Board of Directors have periodic board meetings which is in accordance with the entity's charter, which stipulates that "regular meetings of the Board of Directors shall be held at such time and place as the Directors may determine."*

## BOARD (OR FINANCE COMMITTEE, IF APPLICABLE) - CONTINUED

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- (b) At the regular meeting of the Board of Directors on May 4, 2017, CPCPL's 2018 budget was presented to the members. The 2018 budget was accepted. There were no budget-to-actual comparison's of the current year or updates to show if there was a budget deficit in any months.**
- (c) Non-budgetary financial information was referenced in the board of directors meeting minutes for at least one meeting during the fiscal period.**

## BANK RECONCILIATIONS

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

**Results: We obtained a listing of all CPCPL's bank accounts and management's representation that the listing is complete.**

- 4) Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - (a) Bank reconciliations have been prepared;
  - (b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
  - (c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

**Results: Bank reconciliations have been prepared on all bank accounts reviewed and there were no outstanding items over 6 months old. We found that the bank reconciliations are prepared by an employee that is involved in the transactions associated with the bank accounts due to the small size of the accounting staff, however, the Deputy Director who is not involved in the bank account transactions receives and reviews the bank statements before they go to the Program Director for reconciliation (compensating control).**

## COLLECTIONS

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

**Results: There is only one cash collection location for CPCPL.**

## COLLECTIONS - CONTINUED

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- 6) Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations).

For each cash collection location selected:

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

**Results:** *We found that employees are not bonded, however, CPCPL has an insurance policy in effect that covers employee theft, forgery and computer crimes. Most collections are from state grants (99.93%) and therefore direct deposited by the state into CPCPL's bank account. Miscellaneous other cash collections are processed by the Program Director, who also makes the deposit, records the transaction and reconciles the bank accounts. The compensating control is that the Deputy Director receives and reviews all bank statements before forwarding them to the Program Director for reconciliation.*

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

**Results:** *CPCPL does have a written policy for reconciling cash collections to the general ledger by revenue source, however, due to the small size of the accounting department, the person responsible for reconciling the cash collections to the general ledger is the same person responsible for cash collections. Most of CPCPL's revenue comes by direct deposit from the state and can be tied directly to the contracts with the Louisiana Public Defender Board (LPDB). Although there is a lack of separation of duties, compensating controls exist; (1) CPCPL's contracts with the LPDB require monthly financial reporting to the LPDB for monitoring, and (2) CPCPL's Deputy Director who is familiar with the revenue that is to be received from the LPDB, but who does not have access to the accounting system, reviews all bank statements before they are sent to the Program Director for completion of the bank reconciliations.*

- (c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- ◆ Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

## COLLECTIONS - CONTINUED

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

**Results:** *The only cash collections at the CPCPL location are of segregated non-public funds and therefore not subject to the above procedure.*

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

**Results:** *CPCPL does not have a written policy specifically defined to determine completeness of collections.*

### Management's response on procedure 7:

See attached letter from the Capital Post Conviction Project of Louisiana dated June 22, 2018.

## DISBURSEMENTS - GENERAL (EXCLUDING CREDIT CARD / DEBIT CARD / FUEL CARD / P-CARD PURCHASES OR PAYMENTS)

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

**Results:** *We obtained a listing of all cash disbursements and management's representation that the listing is complete.*

- 9) Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- (a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - (b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - (c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**DISBURSEMENTS - GENERAL (EXCLUDING CREDIT CARD / DEBIT CARD / FUEL CARD / P-CARD PURCHASES OR PAYMENTS) - CONTINUED**

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**Results: We randomly selected 25 transactions and reviewed for the above attributes and found the following:**

- (a) **5 transactions were found that did not include purchase orders or an equivalent system that separates initiation from approval, however, these 5 transactions were monthly maintenance contract payments or routine monthly bills such as cell phone bills and records storage; these transactions were processed in accordance with CPCPL's policy for documentation and approval, and is not considered an exception.**
- (b) **No exceptions found for this procedure.**
- (c) **Of the 25 transactions reviewed, 5 did not have an approved purchase order or equivalent (see (a) above for reason, is not considered an exception). All transactions including a receiving report were applicable and all invoices were approved.**

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

**Results: Due to the small staff, the Program Director is the only employee who has access to the accounting system, and therefore is the person processing payments and also adding vendors to the system as necessary. The compensating control for the lack of segregation of duties is that all vendors must provide a W-9 before being added to the system, and all checks must have 2 signatures (the Program Director is not a signor).**

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

**Results: The Executive Director, the Paralegal Coordinator and a Staff Attorney who have signatory authority may initiate disbursements but do not record purchases. The Program Director would approve the purchases initiated by the check signors.**

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

**Results: The supply of unused check stock is maintained in a locked area. The Program Director has access to the locked area. The check signors do not have access to the locked checks or the accounting system and therefore do not have access to print checks.**

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

**DISBURSEMENTS - GENERAL (EXCLUDING CREDIT CARD / DEBIT CARD / FUEL CARD / P-CARD PURCHASES OR PAYMENTS) - CONTINUED**

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**Results:** *A signature stamp or signature machine is not used. All checks require dual signatures and are maintained under the control of the signor(s) until mailed.*

**CREDIT CARDS / DEBIT CARDS / FUEL CARDS / P-CARDS**

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

**Results:** *We obtained a list of all credit cards including the card numbers and the persons who had possession of the cards from management, and management's representation that the listing is complete. CPCPL does not maintain debit cards, fuel cards or P-cards.*

15) Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

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

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

**Results:** *It was determined that there are 2 active credit cards. LH selected 1 card (1/3 of all cards) to perform procedures. LH obtained the monthly statements for the period and selected the statement with the largest dollar activity. We found that the credit card statement and supporting documentation was reviewed by the authorized card holder. No finance charges were included on the credit card statement reviewed.*

**Management's response on procedure 15:**

See attached letter from the Capital Post Conviction Project of Louisiana dated June 22, 2018.

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

## CREDIT CARDS / DEBIT CARDS / FUEL CARDS / P-CARDS - CONTINUED

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

**Results: For the 15 transactions reviewed, all transactions are supported by an original itemized receipt, documentation of business purpose, and written authorization.**

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

**Results: For the 15 transactions reviewed, all transaction details aligned with the entity's written purchasing/disbursement policies. The Louisiana Public Bid Law is not applicable to CPCPL. No exceptions were noted.**

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

**Results: For the 15 transactions reviewed, the entity's documentation followed the requirements of Article 7, Section 14 of the Louisiana Constitution and no exceptions were noted.**

## TRAVEL & EXPENSE REIMBURSEMENT

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

**Results: We obtained a listing of all travel and related expense reimbursements from management and management's representation that the listing is complete.**

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

**Results: We obtained CPCPL's travel and expense reimbursement policy and found that the policy reimbursement rate did not exceed the per diem and mileage rates established by the U.S. General Services Administration.**

## TRAVEL & EXPENSE REIMBURSEMENT - CONTINUED

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

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

**Results:** *LH found that all travel and expenses were reimbursed in accordance with written policy.*

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

**Results:** *It was found that each expense was supported by an original itemized receipt, contained the required business purpose, and other supporting documentation as required by written policy.*

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

**Results:** *We compared the entity's documentation to the requirements of Article 7, Section 14 and no exceptions were noted.*

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

**Result:** *We found that each expense and related documentation was reviewed and approved in writing by someone other than the person receiving the reimbursement.*

## CONTRACTS

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

**Results:** *We obtained a listing of all contracts in effect during the fiscal period and management's representation that the listing was complete.*

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

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

**Results:** *There are formal written contract that support the services arrangement and the amounts paid.*

- (b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
  - ◆ If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
  - ◆ If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

**Results:** *None of the contracts were subject to the Public Bid Law, as CPCPL is a non-profit organization.*

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

**Results:** *One of the contracts was amended for the contractor's address and correct spelling of the contractor's name. Wording in the original contract included wording that contract terms could be amended .*

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

**Results:** *The largest payment for each of the five contracts selected were supported by an invoice which was found to be in agreement with the contract terms and conditions.*

## CONTRACTS - CONTINUED

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

**Results:** *Not applicable to CPCPL.*

## PAYROLL AND PERSONNEL

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- 22) Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
  - (a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - (b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

**Results:** *We obtained a listing of all employees including their salaries and management's representation that the listing was complete. The above procedures were performed with no exceptions noted.*

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

**Results:** *We obtained a listing of all employees from management and management's representation that the listing is complete.*

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

**Results:** *It was found that the selected employees had documented their daily attendance and leave time.*

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

**Results:** *There is written documentation of supervisory review of attendance and leave records.*

## PAYROLL AND PERSONNEL - CONTINUED

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

**Results:** *There is written documentation that the entity maintained written leave records on the selected employees.*

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

**Results:** *We obtained a list of terminated employees/officials including management's representation that the listing was complete. No exceptions to the above procedures were noted.*

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

**Results:** *We found that all payroll taxes and reporting forms were submitted on time and no exceptions were noted.*

## ETHICS (EXCLUDING NON-PROFITS)

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- 26) Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.
- 27) Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

**Results:** *CPCPL is a nonprofit organization, therefore, this section is not applicable.*

## DEBT SERVICE (EXCLUDING NONPROFITS)

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- 28) If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
- 29) If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
- 30) If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

**Results: CPCPL has no debt and is a nonprofit, therefore, this section is not applicable.**

## OTHER

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

**Results: Per our discussion with management, there were no misappropriations of public funds or assets during the fiscal period.**

- 32) Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at ) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results: We observed that the entity has posted the required fraud poster as required by R.S. 24:523.1.**

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

**Results: We found no exceptions to management's representations regarding the procedures above.**

## CONCLUSION

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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.

*LeBlanc Hauskrecht, L.L.P.*

Metairie, Louisiana  
June 22, 2018

# CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

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June 22, 2018

Ms. Debbie S. Sawyer  
Senior Manager  
LeBlanc, Hausknecht, LLP  
Certified Public Accountants  
3421 N. Causeway Blvd., Suite 701  
Metairie, La. 70002

Re: Reply to 2017 Agreed Upon Procedure Management Letter

Dear Ms. Sawyer:

During the course of your 2017 examination of CPCPL's compliance under the Louisiana Legislative Auditor's Statewide Agreed Upon Procedures you became aware of and informed CPCPL's management of two procedures that were not in CPCPL's written policies.

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

**Results:** *CPCPL does not have a written policy specifically defined to determine completeness of collections.*

**Management's response on procedure 7:** As a compensating control to determine completeness of collections the Project Coordinator currently provides CPCPL's Executive Director and CPCPL's Deputy Director along with the Louisiana Public Defender Board as required by contract, monthly financial reports of CPCPL's Profit & Loss Budget vs. Actual and CPCPL's Balance Sheet reports. CPCPL's written policy has been amended to reflect this established compensating control.

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Letter re: Reply to 2017 Agreed Upon Procedure Management Letter

**Credit Cards/Debit Cards/Fuel Cards/P-cards 15a:** Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

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

**Results: It was determined that there are 2 active credit cards. LH selected 1 card (1/3 of all cards) to perform procedures. LH obtained the monthly statements for the period and selected the statement with the largest dollar activity. We found that the credit card statement and supporting documentation was reviewed by the authorized card holder. No finance charges were included on the credit card statement reviewed.**

**Management's response on procedure 15a:** CPCPL has corrected its written credit card procedure by establishing a written policy that credit card statements and supporting documents of the authorized card holders will be reviewed and approved by a different member of CPCPL's management that is not the authorized card holder.

Sincerely,



Gary P. Clements

Executive Director, CPCPL