

**TWENTY-SIXTH JUDICIAL DISTRICT**  
**PUBLIC DEFENDERS' OFFICE**  
**BOSSIER AND WEBSTER PARISHES, LOUISIANA**  
**JUNE 30, 2019**

TWENTY-SIXTH JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE  
BOSSIER AND WEBSTER PARISHES, LOUISIANA

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the financial performance of the Twenty-Sixth Judicial District Public Defender's Office, Bossier and Webster Parishes, provides an overview of the Office's financial activities for the year ended June 30, 2019. Please read it in conjunction with the Office's financial statements, which begin on Page 3.

### USING THIS REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on Pages 3 and 4) provide information about the activities of the Public Defenders' Office as a whole and present a longer-term view of the Office's finances. For governmental activities, the fund statements tell how these services were financed in the short-term as well as what remains for future spending.

#### Reporting the Public Defenders' Office as a Whole

Our analysis of the Office as a whole begins on Page 3. One of the most important questions asked about the Office's finances is, "Is the Public Defenders' Office as a whole better off or worse off as a result of the period's activities?" The Statement of Net Position and the Statement of Activities report information about the Office as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Office's *net position* and changes in them. You can think of the Office's net position - the difference between assets and liabilities - as one way to measure the Office's financial health, or *financial position*. Over time, *increases or decreases* in the Office's net position are one indicator of whether its *financial health* is improving or deteriorating.

#### Reporting the Office's Most Significant Funds

The fund financial statements also begin on Page 3 and provide detailed information about the most significant funds - not necessarily the Office as a whole. Some funds may be required to be established by State law and by bond covenants.

*Governmental funds (General Fund)* - All of the Office's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at period-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Office's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Office's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net position and the Statement of Activities) and governmental *funds* in a reconciliation included on the financial statements and in Note 1.

## THE PUBLIC DEFENDERS' OFFICE AS A WHOLE

The figures reflecting net position can be used to indicate the Office's financial position at that time or over a period of time. At the close of the most recent fiscal period, the Office's net position totaled \$1,172,534. Of this figure, \$348,619 (29.73%) is its investment in capital assets such as buildings, equipment, furniture, library, computers, etc. The remaining portion of net position, \$823,915 (70.27%), is unrestricted assets that are available to provide services to the citizens the Office was established to serve in Bossier and Webster Parish. The Office's total net position changed from June 30, 2018, increasing by \$15,073, or 1.30%. Net positions are shown below.

	Governmental Activities	
	2019	2018
Current and other assets	823,915	822,397
Capital assets	<u>348,619</u>	<u>335,064</u>
Total assets	1,172,534	1,157,461
Net position:		
Net investment in capital assets	348,619	335,064
Unrestricted	<u>823,915</u>	<u>822,397</u>
Total net position	<u>1,172,534</u>	<u>1,157,461</u>

## THE OFFICE'S FUNDS

The governmental activities of the Office include all activities of the Office as required by law and are funded by court costs, fees paid by defendants, and grants from the state LPDB. Major expenditures of the Office, as well as revenues, for the years ended June 30, 2019 and 2018 are shown below.

	Governmental Activities	
	2019	2018
Expenditures:		
Salaries and related benefits	1,013,040	988,549
Operating services	701,899	552,123
Travel and professional development	16,098	6,815
Depreciation	<u>19,347</u>	<u>18,951</u>
Total expenses	1,750,384	1,566,438
Revenues:		
Court costs (fines and forfeitures)	707,242	703,285
Court ordered fees	63,200	60,418
State grants	987,057	927,117
Other income	<u>7,958</u>	<u>8,126</u>
Total revenues	1,765,457	1,698,946
Change in net position	15,073	132,508
Net position, beginning of year	<u>1,157,461</u>	<u>1,024,953</u>
Net position, end of year	<u>1,172,534</u>	<u>1,157,461</u>

Total revenues increased \$66,511, from total revenues in 2018 of \$1,698,946 to total revenues of \$1,765,457 in 2019. The increase in revenue was attributable to the increase in state grants. The Office depends on a combination of funds from the state (through the Louisiana Public Defender Board) and locally generated revenue (primarily through special costs assessed, collected, and remitted by the courts).

In addition, total expenses increased by \$183,946 from total expenses in 2018 of \$1,566,438 to total expenses of \$1,750,384 in 2019. This increase was attributable to an increase in salaries and related benefits of \$24,491, and an increase in operating services of \$149,776.

### **CAPITAL ASSET ADMINISTRATION**

The Office's capital asset investment assists in carrying out the mandated functions of the Office. This investment, net of allowance for depreciation, as of June 30, 2019 was \$348,619. This investment includes buildings, equipment, and fixtures.

### **CONTACTING THE OFFICE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Office's finances and to show the Office's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Twenty-Sixth Judicial District Public Defenders' Office at 211 Burt Boulevard, Benton, Louisiana, 71006.

**AUDITED FINANCIAL STATEMENTS**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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December 11, 2019

The Chief Defender  
Twenty-Sixth Judicial District Public Defenders' Office  
Bossier Parish, Louisiana

## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities and the major fund of the Twenty-Sixth Judicial District Public Defenders' Office as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements, as listed in the table of contents.

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

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

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

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

An audit involves performing procedures to obtain 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Twenty-Sixth Judicial District Public Defenders' Office as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through iii and 14 and 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The current year's supplemental data included on Page 16 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 taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019, on our consideration of the Office'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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control over financial reporting and compliance.

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

GOVERNMENT WIDE STATEMENT OF NET POSITION

JUNE 30, 2019

<u>A S S E T S</u>	<u>Governmental Fund Balance Sheet</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash	749,047	-	749,047
Investments	5,898	-	5,898
Receivables	68,970	-	68,970
Capital assets, net of allowance for depreciation	<u>-</u>	<u>348,619</u>	<u>348,619</u>
 Total assets	 <u>823,915</u>	 <u>348,619</u>	 <u>1,172,534</u>
 <u>FUND EQUITY</u>			
<u>Fund equity:</u>			
Unassigned	823,915	(823,915)	-
Net Position			
Net investment in capital assets	-	348,619	348,619
Unrestricted	<u>-</u>	<u>823,915</u>	<u>823,915</u>
 Total fund equities	 <u>823,915</u>	 <u>348,619</u>	 <u>1,172,534</u>
 Total liabilities and fund equity	 <u>823,915</u>	 <u>348,619</u>	 <u>1,172,534</u>

The accompanying notes are an integral part of the financial statements.

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Fund Statement of Revenues and Expenditures	Adjustments	Statements of Activities
<u>Expenditures/expenses:</u>			
Judiciary:			
Personal services	794,026	-	794,026
Related benefits	219,014	-	219,014
Travel and professional development	16,098	-	16,098
Operating services	734,801	(32,902)	701,899
Depreciation	-	19,347	19,347
Total expenditures/expenses	1,763,939	(13,555)	1,750,384
<u>Program revenues:</u>			
Charge for services	63,200	-	63,200
Other charges	707,242	-	707,242
Net program revenues	770,442	-	770,442
<u>General revenues:</u>			
State grants	987,057	-	987,057
Investment earnings	7,958	-	7,958
Total general revenues	995,015	-	995,015
<u>Excess of revenues over expenditures/expenses</u>	1,518	13,555	-
<u>Change in net position</u>	-	-	15,073
<u>Fund balance/net position:</u>			
Beginning of year	822,397	335,064	1,157,461
End of year	823,915	348,619	1,172,534

The accompanying notes are an integral part of the financial statements.

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

**Introduction**

The Twenty-Sixth Judicial District Public Defenders' Office was established in compliance with Louisiana Revised Statutes 15:141-185.9 to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The Judicial District encompasses the parishes of Bossier and Webster, Louisiana.

As of August 15, 2007, the indigent defender boards in each judicial district were dissolved, and new law created within each judicial district an indigent defender fund which is now administered by the district public defender. New law provides that any surplus monies in the judicial district indigent defender fund on August 15, 2007, will be retained in that judicial district to be used solely and exclusively for purposes of delivering indigent defender services in that judicial district. In addition, effective August 15, 2007, the Indigent Defender Board is referred to as the Public Defenders' Office.

The District Board of the Twenty-Sixth Judicial District was approved by the judges of the District and was comprised of five members through August 15, 2007. The board members were not compensated for their services; however, they were eligible to obtain health insurance for which the Office paid the premium. After August 2007, all public defender offices in Louisiana are now offered oversight by a centralized Board located in Baton Rouge, Louisiana.

The Twenty-Sixth Judicial District Public Defenders' Office is domiciled in Bossier Parish, Benton, Louisiana. All records of proceedings and official actions (all paper, documents, and records) are kept in Benton, Louisiana.

The Twenty-Sixth Judicial District Public Defenders' Office employs 16 people. There are 12 employees at the Bossier office, 2 employees at the Minden office, and 2 employees at the Juvenile Office. All employees are salaried.

**1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying basic financial statements of the Twenty-Sixth Judicial District Public Defenders' Office have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

**Financial Reporting Entity**

For financial reporting purposes, in conformity with GASB Statement No. 14, the Twenty-Sixth Judicial District Public Defenders' Office is part of the operations of the Louisiana Public Defender Board. The Louisiana Public Defender Board was established as a state agency to provide supervision, administration, and delivery of a statewide public defender system that is independent of local politics. The Public Defenders' Office is financially independent and operates autonomously from the State of Louisiana and independently from the Louisiana Public Defender Board. Therefore, the Office reports as an independent reporting entity and the financial statements include only the transactions of the Twenty-Sixth District Public Defenders' Office.

## 1. Summary of Significant Accounting Policies (Continued)

### Fund Accounting

The Public Defenders' Office uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to the Office's functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

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

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

### Measurement Focus and Basis of Accounting

#### *Fund Financial Statements*

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

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Public Defenders' Office considers all revenues available if they are collected within 30 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues:** Court costs on fines and forfeitures imposed by the district and city courts are recorded in the year they are collected by the tax collectors and city courts within the judicial district. Interest earned in investments is recorded when the investments have matured and the income is available. Grants are recorded as revenue during the period in which the related expenditures are incurred. Substantially all other revenues are recorded when received.

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

**1. Summary of Significant Accounting Policies (Continued)**

***Government-Wide Financial Statements***

The government-wide financial statements (GWFS) (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Office.

The content and certain titles of the GWFS were changed upon the adoption by the Office in 2013 of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides reporting guidance for deferred outflows of resources and deferred inflows of resources, and adds them, when applicable, as elements of the GWFS, because they are distinct from assets and liabilities. In addition, because these additional elements may affect the residual amount of all of the elements presented in a statement of financial position, GASB 63 renames that measure as net position rather than net assets. The Office had no deferred outflows or inflows of resources at June 30, 2019.

Accordingly, the statement of net position presents information on all of the Office's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Office is improving or deteriorating.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. There are no indirect expenses allocated to this function. Depreciation expense is included in the direct expense of the function. Program revenues, if any, include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Other items, such as interest income, not properly included among program revenues are reported instead as general revenues.

Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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

The reconciliation of the items reflected in the fund column to the Statement of Net Position and Statement of Activities are as follows:

Fund Equity, Governmental Fund	823,915
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>348,619</u>
Net Position of Governmental Activities	<u>1,172,534</u>

1. **Summary of Significant Accounting Policies** (Continued)

Excess of revenues over expenditures, Governmental Fund	1,518
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	<u>13,555</u>
Change in Net Position of Governmental Activities	<u>15,073</u>

**Cash and Cash Equivalents**

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

**Investments**

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

Investments held at June 30, 2019 included \$5,898 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB codification I50.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

LAMP, a local government investment pool, is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment Grade (A-1/P-1) commercial paper of domestic United State corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

**1. Summary of Significant Accounting Policies (Continued)**

The dollar weighted average portfolio maturity of LAMP assets shall not generally exceed 60 days, and consists of no securities with an excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**Capital Assets**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Public Defenders' Office maintains a threshold level of \$1,000 or more for capitalizing capital assets. For capital asset additions over \$10,000, State Board approval is required.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	10-40 years
Furniture and fixtures	5-15 years
Computer equipment	5 years

**Compensated Absences**

The Public Defenders' Office does not provide for the accumulation and vesting of paid leave beyond the year in which it is earned.

**Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**Estimates**

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

2. **Budgets**

The Public Defenders' Office followed the following budget practices, as of June 30, 2019:

- (a) The Chief Defender prepares a proposed budget and submits same to the Louisiana Public Defender Board no later than fifteen days prior to the beginning of each fiscal year. The Louisiana Public Defender Board must approve proposed budget before adoption by the Defenders' Office.
- (b) The public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- (c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- (d) The budgetary amendments involve the transfer of funds from one department, program or function to another or involve increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated submitted to the Louisiana Public Defenders' Board for approval.
- (e) Budgetary appropriations lapse at the end of each fiscal year.

The original budget was amended once for the year ended June 30, 2019.

3. **Cash and Cash Equivalents**

At June 30, 2019, the Public Defenders' Office had cash and cash equivalents (book balances) as follows:

Interest-bearing demand deposits	749,047
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These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that, in the event of a bank failure, the Office's deposits might not be recovered. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2019, the Public Defenders' Office had approximately \$749,047 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and/or a pledge of qualified U.S. Government (or its agencies) Securities.

4. **Investments**

Louisiana Revised Statutes and the Public Defenders' Office's investment policy govern the procedures to be followed and the types of allowable securities to be purchased by the board. Under state law, the Public Defenders' Office is authorized to invest in United States bonds, treasury notes, or certificates. The Office has no specific policy defining levels of risk and amounts of investments they invest at any given time. Investments are categorized into these three categories of credit risk:

4. **Investments** (Continued)

1. Insured or registered, or securities held by the Public Defenders' Office or its agent in the Office's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Office's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Office's name.

Investments not subject to categorization include investments in an external investment pool. At June 30, 2019, the fair value/carrying amount was \$5,898.

5. **Receivables**

Receivables of \$68,970 at June 30, 2019 result from items classified as Program Revenues, other charges and General Revenues, State Grants.

All receivables are considered fully collectible and, therefore, no allowance for uncollectible amounts is provided. If amounts become uncollectible, they are charged to operations when that determination is made.

6. **Capital Assets**

Capital assets and depreciation activity as of and for the twelve months ended June 30, 2019, are as follows:

	Beginning Balance 06/30/18	Increase	Decrease	Ending Balance 06/30/19
Governmental activities:				
Buildings and improvements	568,956	12,800	-	581,756
Furniture and equipment	81,785	20,102	-	101,887
Total	650,741	32,902	-	683,643
Less accumulated depreciation				
Buildings and improvements	219,312	17,211	-	236,523
Furniture and equipment	96,365	2,136	-	98,501
Total	315,677	19,347	-	335,024
Capital assets, net	335,064	13,555	-	348,619

7. **Pension Plan**

Substantially all of the Public Defenders' Office's employees participate in the federal social security program. The Public Defenders' Office is required to remit as a match the amount equal to the employee's contribution. The Public Defenders' Office does not guarantee any of the benefits granted by the Social Security Administration.

7. **Pension Plan (Continued)**

The Twenty-Sixth Judicial District Public Defenders' Office established a SIMPLE Individual Retirement Account Plan for its employees effective May 1, 1998. Under the plan, an employee must be eligible to participate in any calendar year if he or she received at least \$5,000 of compensation from the employer during each of the two preceding calendar years and is reasonably expected to receive at least \$5,000 in compensation during the current calendar year.

Under the arrangement, each eligible employee has the right to elect, during the 60-day period preceding the beginning of any calendar year, to participate in the arrangement for that calendar year or to modify the amount of his or her elective contributions for that year. An employee may terminate participation in the arrangement at any time during a calendar year. For the year ended June 30, 2019, the Public Defenders' Office satisfied its matching contribution requirement by electing to make matching contributions of 3% of compensation for each employee who was eligible to participate. The employee's right to both elective contributions and matching contributions is fully vested at all times. The plan does not contain any employer-imposed prohibition on withdrawals from the account. The amount of employer contributions for the period was \$9,794.

8. **Leases**

The Public Defenders' Office leases office equipment at both the Bossier and Webster locations. The Office incurred \$4,643 in rental expense for the twelve months ended June 30, 2019. The future minimum rental payments for the next five years are as follows:

2020	6,310
2021	4,960
2022	3,164
2023	1,817
2024	-
	16,251

9. **Governmental Fund Revenues and Expenditures**

Revenues:

**State Government**

Grants 987,057

**Local Government**

Statutory fines, forfeitures, fees, court costs, and other 707,242

**Charges for Services**

63,200

**Investment Earnings**

7,958

Total revenues

1,765,457

9. **Governmental Fund Revenues and Expenditures** (Continued)

Expenditures:

**Personnel Services and Benefits**

Salaries	794,026	
Retirement contributions	9,794	
Insurance	150,157	
Payroll taxes	<u>59,063</u>	
Total		1,013,040

**Professional Development**

Dues, licenses, and registrations	13,712	
Travel	1,289	
Other	<u>1,097</u>	
Total		16,098

**Operating Costs**

Library and research	8,180	
Contract services-attorney/legal	589,105	
Contract services-other	23,600	
Lease-office	4,643	
Insurance	20,508	
Supplies	18,461	
Repairs and maintenance	21,313	
Utilities and telephone	27,466	
Other	<u>21,525</u>	
Total		<u>734,801</u>

Total expenditures 1,763,939

10. **Subsequent Events**

We evaluated events and transactions that occurred after the balance sheet date but before the financial statements were made available to be issued for potential recognition or disclosure in the financial statements. We evaluated such events through December 11, 2019 and noted no subsequent events.

**REQUIRED SUPPLEMENTARY INFORMATION**

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2019

(Unaudited)

	<u>Original Annual Budget</u>	<u>Amended/ Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance with Final Budget</u>
<u>Revenues:</u>				
Fines and forfeitures	575,000	674,428	707,242	32,814
Fees from indigents	85,000	85,882	63,200	(22,682)
State grants	969,321	969,321	987,057	17,736
Interest income	7,000	8,038	7,958	(80)
Total revenues	<u>1,636,321</u>	<u>1,737,670</u>	<u>1,765,457</u>	<u>27,788</u>
<u>Expenditures:</u>				
Salaries	811,000	811,000	794,026	16,974
Employer contributions to Simple IRA	12,000	9,769	9,794	(25)
Payroll taxes	80,000	59,342	59,063	279
Hospitalization and disability insurance	185,000	161,358	150,157	11,201
Contract services and appointed counsel	951,000	588,554	589,105	(551)
Office supplies and expense	32,000	8,488	18,461	(9,973)
Accounting and audit expense	25,000	32,709	23,600	9,109
Law library	15,000	15,000	8,180	6,820
Telephone and utilities	32,000	28,723	26,355	2,368
Lease	27,500	22,510	4,643	17,867
Repairs and maintenance	60,000	22,870	21,313	1,557
Travel and professional development	30,000	11,289	16,098	(4,809)
Insurance	27,000	21,555	20,508	1,047
Other	3,113	26,322	22,636	3,686
Total expenditures	<u>2,290,613</u>	<u>1,819,488</u>	<u>1,763,939</u>	<u>55,549</u>
<u>Excess of revenues over expenditures</u>	(654,292)	(81,819)	1,518	83,337
<u>Fund balance at July 1, 2018</u>	<u>785,333</u>	<u>822,397</u>	<u>822,397</u>	<u>-</u>
<u>Fund balance at June 30, 2019</u>	<u>131,041</u>	<u>740,578</u>	<u>823,915</u>	<u>83,337</u>

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

NOTES TO BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2019

(Unaudited)

1. Budget  
Refer to Note 2 of the financial statements for details regarding the budget process.
  
2. Budget Variances  
Actual total revenues exceeded budgeted revenues by less than 2% and budgeted expenses exceeded actual total expenses by less than 4%.

**SUPPLEMENTARY INFORMATION**

TWENTY-SIXTH JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE  
SUPPLEMENTARY INFORMATION IN ACCORDANCE WITH  
LOUISIANA REVISED STATUTE 24:513(A)(3) (ACT 706 OF 2014)  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2019

Agency Head: Michael F. Miller (07/01/18 – 06/30/19)

Salary	97,500
Benefits-insurance-health	10,089
Benefits – retirement	900
Dues	435

**OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525  
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318-429-1525 PHONE • 318-429-2070 FAX

December 11, 2019

The Chief Defender  
Twenty-Sixth Judicial District Public Defenders' Office  
Bossier Parish, Louisiana

**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***

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 the governmental activities and the major fund of the Twenty-Sixth Judicial District Public Defenders' Office (Office) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Office's basic financial statements, and have issued our report thereon dated December 11, 2019.

### **Internal Control over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

*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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-01 to be a material weakness.

*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.

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Office's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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*.

**Twenty-Sixth Judicial District Public Defenders' Office's Response to Findings**

Twenty-Sixth Judicial District Public Defenders' Office response to the finding identified in our audit is described in the accompanying management's corrective action plan for current year findings. Twenty-Sixth Judicial District Public Defenders' Office response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

TWENTY-SIXTH JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Twenty-Sixth Judicial District Public Defenders' Office.
2. No instances of noncompliance material to the basic financial statements of the Twenty-Sixth Judicial District Public Defender were disclosed during the audit.
3. One material weakness in internal control over financial reporting was disclosed during the audit.
4. The Twenty-Sixth Judicial District Public Defenders' Office was not subject to a Federal Single Audit for the year ended June 30, 2019.

**B. Findings – Financial Statement Audit**

2019-01 Internal Controls with Regard to Financial Reporting

As is common in small operations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor has management demonstrated an ability to perform these functions in-house. Under generally accepted auditing standards, this condition represents a control deficiency that is also considered to be a material weakness in internal controls.

Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or impractical.

Management feels the resolution to this finding would be both impractical and cost prohibitive.

**C. Findings and Questioned Costs – Major Federal Award Programs**

Not applicable.

TWENTY-SIXTH JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019

**Prior Findings – Financial Statement Audit**

2018-01 Internal Controls with Regard to Financial Reporting

As is common in small operations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor has management demonstrated an ability to perform these functions in-house. Under generally accepted auditing standards, this condition represents a control deficiency that is also considered to be a material weakness in internal controls.

Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or impractical.

Management feels the resolution to this finding would be both impractical and cost prohibitive.

TWENTY-SIXTH JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE  
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019

2019-01 Internal Controls with Regard to Financial Reporting

Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or impractical.

Management feels the resolution to this finding would be both impractical and cost prohibitive.

# HEARD, McELROY, & VESTAL

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December 19, 2019

The Chief Defender  
Twenty-Sixth Judicial District Public Defenders' Office  
Bossier, Louisiana

Louisiana Legislative Auditor  
Baton Rouge, Louisiana

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

We have performed the procedures enumerated below, which were agreed to by Twenty-Sixth Judicial District Public Defenders' Office (Public Defender) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. Public Defender'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*, issued by the Comptroller General of the United States. 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.

*The entity has written policies over the budget process that satisfy the requirements set forth by the state.*

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- 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.

*Exception: The entity has written policies over the purchasing process. There is no documented procedure regarding how vendors are added to the vendor list.*

*Management's Response: Management will review written policies over purchasing and update as considered necessary.*

- c) Disbursements, including processing, reviewing, and approving.

*Exception: The entity has written policies or procedures covering disbursements processing and approval, but there is no policy on the review of disbursements.*

*Management's Response: Management will review written policies over disbursements and update as considered necessary.*

- d) Receipts, 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.

*The entity has written procedures covering the handling of receipts that satisfies the requirements set forth by the state.*

- e) Payroll/personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*Exception: The entity has written procedures concerning payroll, but they do not address the payroll process and the review and/or approval of time and leave.*

*Management's Response: Management will review written policies over payroll and update as considered necessary.*

- 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.

*Exception: The entity does not have adequate written policies or procedures that cover contracting.*

*Management's Response: Management will establish written policies over contracting as considered necessary.*

- g) Credit cards (and debit cards, fuel cards, and 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.

*Not applicable, as the entity does not use credit, debit, fuel, or purchase cards.*

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*The entity has written procedures covering the handling of travel and expense reimbursement that satisfy the requirements set forth by the state.*

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

*The entity has policies and procedures covering ethics that satisfies the requirements set forth by the state.*

- j) Debt service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Not applicable, as the entity does not have the authority to issue debt.*

- k) Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*The entity has policies and procedures covering disaster recovery/business continuity that satisfy the requirements set forth by the state.*

### ***Board or Finance Committee***

---

*Not applicable. As of August 2007, all public defender offices in Louisiana are offered oversight by a centralized Board located in Baton Rouge, Louisiana; therefore, there are no minutes to review.*

### ***Bank Reconciliations***

---

2. 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);

*The entity included evidence that the bank reconciliation was prepared within two months of the related statement closing date.*

- 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

*Exception: Bank reconciliations did not have evidence of review by an independent member of management.*

*Management's Response: Management consists of office manager and Chief District Defender. The office manager, upon receipt of the bank statement each month, reconciles the bank statement.. These documents are then presented to the Chief District Defender.*

*The Chief District Defender, upon receipt of the bank statement and reconciliation report from the office manager, prepares the monthly reconciliation report. In doing so, the Chief District Defender not only reviews the bank statement and reconciliation report, but also several other documents are needed to assist in the monthly reports..*

- 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.

*Exception: The entity did not have documentation reflecting research of two reconciling items greater than 12 months outstanding in the selected bank reconciliation and statement for testing.*

*Management's Response: The uncleared transactions in reference are those associated with the return of application fees to former clients. All payments are mailed to the last known address. Office investigator attempts to locate a valid address if item is returned. Management has been advised by the state auditor that after all efforts to contact former clients have exhausted, then funds be sent to the state. Management has requested a procedure from the state auditor.*

## ***Collections***

---

3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*The only deposit site is the main office on Burt Boulevard.*

4. 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.

*The entity has adequate separation of duties for this procedure that satisfy the requirements set forth by the state.*

- 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.

*The entity has adequate separation of duties for this procedure that satisfy the requirements set forth by the state.*

- 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.

*The entity has adequate separation of duties for this procedure that satisfy the requirements set forth by the state.*

- 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.

*The entity has adequate separation of duties for this procedure that satisfy the requirements set forth by the state.*

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

*Each employee responsible for handling cash is insured.*

- 6. 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.

*The entity has sequentially pre-numbered receipts.*

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*All related system reports and collection documentation for checks selected were traced to the deposit slips without exception.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*All deposit slip totals were traced to the actual deposit per the bank statement without exception.*

- 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).

*Exception: For all selections, there was more than one business day between cash collection and deposit date.*

*Management's Response: Application fees are usually collected on Tuesdays and Wednesdays after clients are in court. The fee is collected and placed in a locked, mounted safe. Fees are received in the mail as well. Deposits are made about once a week.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*The deposit per the bank statement was traced to the general ledger without exception.*

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

---

7. 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).

*A listing was obtained from management.*

8. For each location selected under #7 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.

*The purchase approval and initiation duties are properly separated.*

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

*The duties of approving and processing payments to vendors are properly separated.*

- 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.

*An independent party is responsible for entering new vendors.*

- 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.

*The entity has separation of duties in mailing vendor payments. The person who signs the checks also mails them.*

9. For each location selected under #7 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.

*No exceptions were noted.*

10. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

*Exception: The entity did not document separation of duties for any of the tested items.*

*Management's Response: Office only has two (2) management members, the Chief District Defender and the office manager.*

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

---

*Not applicable. Management represented that the entity has not issued any credit cards, debit cards, fuel cards, or purchase cards to any board member or staff.*

***Travel and Travel-Related Expense Reimbursements***

---

11. 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](http://www.gsa.gov)).

*The entity uses the guidelines of the U.S. General Services Administration and abided by its requirements regarding per diem rates for mileage.*

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*All selections reimbursed using actual cost were supported by an original itemized receipt.*

- 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).

*All selected reimbursements were supported by documentation of the purpose.*

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Exception: One mileage transaction selected for testing was approved by the same person who was being reimbursed.*

*Management’s Response: Chief District Defender will have the office manager sign mileage reimbursement payable to the Chief District Defender if such application is made to the office.*

***Contracts***

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*Not applicable due to no exceptions noted in previous year.*

## *Payroll and Personnel*

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12. 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.

*A listing of all employees was obtained, and compensation paid to each selected employee was made in accordance with the terms and conditions of his contract or pay rate structure.*

13. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #12 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.)

*All applicable employees documented their leave and daily attendance.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*Timesheets are completed thoroughly by employees applicable, and employee leave requests were approved as required by state guidelines.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*Leave taken during the pay period was reflected on the cumulative leave records.*

14. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*No regular employees were terminated during the period.*

15. 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

*All employee and employer portions for payroll taxes and contributions, and related required reporting forms, were submitted to the applicable agencies by the required deadlines.*

***Ethics***

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16. Using the 5 randomly selected employees/officials from procedure #12 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.

*All employees tested had appropriate ethics training certificate in payroll personnel file, as required by state guidelines.*

- 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.

*Exception: Ethics policy is present, but there is no documentation evidencing the employee read and signed the ethics policy during the fiscal year.*

*Management’s Response: Upon being hired, each employee is provided a Louisiana Public Defender Employee Handbook which contains the ethics policy. Employees then sign that they have received the handbook. Each employee, full-time attorney, full time staff, and contract attorney are required to undergo the State employee ethics training as well as sexual harassment training. Certification and participation are documented in each employee’s file as well and set forth in the monthly Compensation Report filed each month by the Chief District Defender.*

***Debt Service***

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*Not applicable. Management represented that the entity does not have the authority to issue debt.*

***Other***

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*Not applicable due to no exceptions noted in previous year.*

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.

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana