

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

*Financial Statements*  
*For the Year Ended June 30, 2023*

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER BOARD  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

*Report on the Audit of the Financial Statements*

*Opinions*

We have audited the accompanying financial statements of the governmental activities of the Sixth Judicial District Public Defender, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Public Defender's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Sixth Judicial District Public Defender, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. We are required to be independent of the Sixth Judicial District Public Defender and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sixth Judicial District Public Defender's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Public Defender's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sixth Judicial District Public Defender's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.

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

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 my inquiries, the basic financial statements, and other knowledge we obtained during the 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 me with sufficient evidence to express an opinion or provide any assurances.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Other Information***

The Schedule of Compensation, Benefits and Other Payments to Agency Head and the Justice System Funding Reporting Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head and Justice System Funding Reporting Schedules are fairly stated, in all material respects, in relation to the basic 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 September 12, 2023 on our consideration of the Sixth Judicial District Public Defender's internal control over financial reporting and on 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 the Sixth Judicial District Public Defender's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Sixth Judicial District Public Defender's internal control over financial reporting and compliance.

*David M. Nard, CPA (APAC)*

West Monroe, Louisiana  
September 12, 2023

GOVERNMENTAL ACTIVITIES

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION  
JUNE 30, 2023

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and Cash Equivalents	\$ 251,285	\$ -	\$ 251,285
Receivables	34,179	-	34,179
Capital Assets, Net of Accumulated Depreciation	-	11,271	11,271
Total Assets	285,464	11,271	296,735
<b>Liabilities</b>			
Accounts Payable	19,497	-	19,497
Withheld and Accrued Payroll Taxes	2,804	-	2,804
Lease Liability	-	11,680	11,680
Total Liabilities	22,301	11,680	33,981
<b>Fund Balances/Net Position</b>			
<b>Fund Balances:</b>			
Unassigned, Reported In:			
General Fund	263,163	(263,163)	-
Total Fund Balances	263,163	(263,163)	-
Total Liabilities and Fund Balances	\$ 285,464	(251,483)	33,981
<b>Net Position</b>			
Net Investment in Capital Assets		11,271	11,271
Unrestricted		251,483	251,483
Total Net Position		\$ 262,754	\$ 262,754

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

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General</u> <u>Fund</u>	<u>Adjustments</u>	<u>Statement of</u> <u>Activities</u>
Expenditures/Expenses			
Judiciary			
Personal Services	\$ 197,883	\$ -	\$ 197,883
Related Benefits	52,657	-	52,657
Travel and Professional Development	2,573	-	2,573
Operating Services	315,094	(7,340)	307,754
Operating Supplies	2,764	-	2,764
Capital Outlay	19,020	(19,020)	-
Depreciation	-	7,749	7,749
	<hr/>	<hr/>	<hr/>
Total Expenditures/Expenses	589,991	(18,611)	571,380
Program Revenues			
Charges for Services	7,212	-	7,212
	<hr/>	<hr/>	<hr/>
Net Program Expenses	(582,779)	18,611	(564,168)
General Revenues			
State Grants	206,320	-	206,320
Court Costs on Fines	406,854	-	406,854
Investment Earnings	203	-	203
Capital Outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total General Revenues	613,377	-	613,377
Excess (Deficiency) of Revenues Over Expenditures	30,598	18,611	49,209
Proceeds From Debt Issuance	19,020	(19,020)	-
Fund Balance/Net Position:			
Beginning of the Year	213,545	-	213,545
	<hr/>	<hr/>	<hr/>
End of the Year	\$ 263,163	\$ (409)	\$ 262,754
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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



THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

Introduction

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

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying basic financial statements of the Sixth Judicial District Public Defender have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

Reporting Entity

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

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

Fund Accounting

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

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Governmental Funds

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

General Fund – the primary operating fund of the Public Defender. It accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws.

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

Measurement Focus/Basis of Accounting

Fund Financial Statements -

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

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Public Defender considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

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

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued) –

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

Government-Wide Financial Statements (GWFS) –

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

Program Revenues –

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

Budgets

The Public Defender adopted a budget as part of the funding requirement for the year ended June 30, 2023.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Public Defender may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. The Public Defender maintains a level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight line method over their estimated lives. Furniture and fixtures have a five to seven year useful life.

Compensated Absences

All salaried employees are granted one day of personal/sick leave every month for a total of 12 days. Vacation days earned vary based on years of employment from 5 days up to 20 days.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Estimates

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

Fund Equity

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

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

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Equity (continued)

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

Leases

Lessee leases: The Public Defender is a lessee under noncancellable lease agreements for facilities and equipment used for a variety of purposes and uses, including office, meeting and gathering space, residential facilities, medical equipment, vehicles and other. In accordance with GASB Statement No. 87, *Leases*, the Public Defender recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. Lease liabilities are recorded for lease contracts with an initial individual value of \$19,020 or more and with lease periods greater than one year.

At the commencement of a lease, the Public Defender initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include (1) the discount rate used to present value the expected lease payment, (2) lease term, and (3) lease payments.

- The Public Defender uses the interest rate charged by the lessor as the discount rate, if provided. When the interest rate charged by the lessor is not provided, the Public Defender uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease terms includes the noncancellable period of the lease and optional renewal periods. Lease payments included in the measurement of the lease liability are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

The Public Defender monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

Note 2 - Cash and Cash Equivalents

Under state law, the Public Defender fund may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2023, the Public Defender fund has cash and cash equivalents (book balances) totaling \$251,085.

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Public Defender fund that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Public Defender's name.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These deposits are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (bank balances) at June 30, 2023, total \$272,037 and are fully secured by federal deposit insurance and pledged securities.

Note 3 - Receivables

The receivables at June 30, 2023 are as follows:

<u>Class of Receivable</u>	<u>Governmental Fund</u>	<u>Government – Wide</u>
Fines and Forfeitures	<u>\$ 34,179</u>	<u>\$ 34,179</u>

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

Note 4 - Changes in Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2023, is as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
<u>Governmental Activities</u>				
Furniture and Equipment	\$ 11,822	\$ -	\$ -	\$ 11,822
Right -to-use Lease Asset	-	19,020	-	19,020
Storage Building	<u>3,251</u>	<u>-</u>	<u>-</u>	<u>3,251</u>
Total Governmental Activities	15,073	19,020	-	34,093
Less: Accumulated Depreciation				
Furniture and Equipment	11,819	-	-	11,819
Right-to-use Lease Asset	-	7,749	-	7,749
Storage Building	<u>3,218</u>	<u>36</u>	<u>-</u>	<u>3,254</u>
Total	<u>15,037</u>	<u>7,785</u>	<u>-</u>	<u>22,822</u>
Capital Assets – Net	<u>\$ 36</u>	<u>\$ 11,235</u>	<u>\$ -</u>	<u>\$ 11,271</u>

Depreciation expense was \$11,235 for the year ended June 30, 2023.

Note 5 - Risk Management

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

Note 6 - Contingencies

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

Note 7 – Long-Term Liabilities

The following is a summary of bonds and other long-term liability transactions of the Public Defender for the year ended June 30, 2023:

Beginning Lease Liability	\$ -
Additions	19,020
Reductions	<u>( 7,749)</u>
Ending Lease Liability	<u>\$ 11,271</u>

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

Note 8 - Governmental Revenues and Expenditures

For the year ended June 30, 2023, the major sources of governmental fund revenues and expenditures were as follows:

Revenue	
State Government Appropriation – General	\$ 206,320
Local Government	406,854
Charges for Services	7,212
Proceeds From Debt Issuance	19,020
Investment Earnings	<u>203</u>
Total Revenues	<u>\$ 639,609</u>
Expenditures	
Personal Services and Benefits	
Salaries	\$ 197,883
Insurance	37,278
Payroll Taxes	<u>15,379</u>
Total	<u>250,540</u>
Professional Development	
Dues, Licenses and Regulations	2,573
Travel	<u>-</u>
Total	<u>2,573</u>
Capital Outlay	19,020
Operating Costs	
Library and Research	-
Contract Services – Attorney/Legal	247,778
Contract Services – Other	31,434
Lease – Office	8,400
Travel – Transportation	8,922
Travel – Other	-
Insurance	4,362
Supplies	2,764
Repairs and Maintenance	1,503
Utilities and Telephone	9,075
Capital Outlay	-
Other	<u>3,620</u>
Total	<u>317,858</u>
Total Expenditures	<u>\$ 589,991</u>



THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

Note 9 – Lessee Lease

The Public Defender leases an office space. This lease is a 3 year lease, with an option to renew. In accordance with GASB Statement No. 87, *Leases*, a liability has been recorded for the present value of lease payments over the lease term for the agreement. As of June 30, 2023, the value of the lease liability was \$19,020. In determining the present values, a discount rate of 2.5% was applied, depending on the duration of the lease agreement and other factors. The recorded value of the right-to-use assets as of the end of the current fiscal year was \$19,020 and accumulated amortization of this asset was \$7,749. The future principal and interest lease payments as of June 30, 2022, are as follows:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 7,340	\$ 360
2024	8,202	198
2025	<u>3,478</u>	<u>22</u>
Total	<u>\$ 19,020</u>	<u>\$ 580</u>

Note 10- Subsequent Events

Subsequent events were evaluated through September 12, 2023, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULES

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)
<b>Revenues</b>				
State Revenue	166,105	\$ 176,236	\$ 206,320	\$ 30,084
Court Fees and Costs Assessed	250,000	302,222	365,943	63,721
Bond Fees and Forfeitures	30,000	35,011	40,911	5,900
Application Fees	8,000	9,000	7,212	(1,788)
Other Revenue	-	-	-	-
Interest Revenue	-	309	203	(106)
	<u>454,105</u>	<u>522,778</u>	<u>620,589</u>	<u>97,811</u>
<b>Total Revenue</b>				
<b>Expenditures</b>				
Salaries	110,400	153,100	197,883	(44,783)
Dues and Seminars	3,700	2,304	2,573	(269)
Medical Insurance	29,637	27,418	37,278	(9,860)
Travel	3,600	3,330	8,922	(5,592)
Contract Services	330,000	303,742	214,108	89,634
Facilities Rent	7,200	7,900	8,400	(500)
Office Repairs and Maintenance	2,203	2,524	1,503	1,021
Office Supplies	2,500	3,861	2,764	1,097
Office Expense	-	-	-	-
Payroll Taxes	14,581	11,938	15,379	(3,441)
Workers Comp Insurance	3,000	3,082	1,431	1,651
Malpractice Insurance	16,000	11,271	2,931	8,340
Accounting Fees	9,500	7,855	18,854	(10,999)
Conflict	27,000	53,930	46,250	7,680
Telephone and Utilities	6,581	8,766	9,075	(309)
Library, Journals and Subscriptions	6,000	-	-	-
Capital Outlay	-	-	19,020	(19,020)
Miscellaneous	200	799	3,620	(2,821)
	<u>572,102</u>	<u>601,820</u>	<u>589,991</u>	<u>11,829</u>
<b>Total Expenditures</b>				
Excess of Revenue Over Expenditures	(117,997)	(79,042)	30,598	109,640
Proceeds From Issuance of Debt	-	-	19,020	19,020
Fund Balance - Beginning of the Year	<u>213,545</u>	<u>213,545</u>	<u>213,545</u>	<u>-</u>
Fund Balance - End of the Year	<u>95,548</u>	<u>134,503</u>	<u>263,163</u>	<u>128,660</u>

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

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2023

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

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

OTHER SUPPLEMENTAL INFORMATION

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO  
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>John Hogue</u> <u>Public Defender</u>
<i>Purpose:</i>	
Salary	\$ 100,000
Hospitalization Insurance	12,490
Travel Reimbursements	5,663
Total	<u>\$ 118,153</u>

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

JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>First Six Month Period Ended 12/31/2022</u>	<u>Second Six Month Period Ended 6/30/2023</u>
Receipts From:		
Louisiana State Appropriations	\$ 178,699	\$ 27,620
East Carroll Parish Clerk, Civil Court Costs	5,306	2,843
East Carroll Parish Sheriff, Criminal Court Costs/Fees	35,414	41,764
Madison Parish Clerk, Civil Court Costs	8,133	17,930
Madison Parish Sheriff, Criminal Court Costs/Fees	92,860	129,215
Tensas Parish Clerk, Civil Court Costs	944	5,755
Tensas Parish Sheriff, Criminal Court Costs/Fees	24,352	42,339
 Total Receipts	<u>\$ 345,708</u>	<u>267,466</u>
 Ending Balance of Amounts Assessed But Not Received	<u>\$ -</u>	<u>\$ -</u>

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

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

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 of the Sixth Judicial District Public Defender as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Sixth Judicial District Public Defender's basic financial statements and have issued our report thereon dated September 12, 2023.

**Report on Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Public Defender's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as item 2023-1.



### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Public Defender'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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2023-2.

### **Sixth Judicial District Public Defender's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Sixth Judicial District Public Defender's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Sixth Judicial District Public Defender's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

*David M. Hout, CPA (APAC)*

West Monroe, Louisiana  
September 12, 2023

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023

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

We have audited the financial statements of the Sixth Judicial District Public Defender as of and for the year ended June 30, 2023, and have issued our report thereon dated September 12, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2023, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

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

Internal Control

Material Weakness \_\_\_ yes X no  
 Significant Deficiencies not considered to be  
 Material Weaknesses X yes \_\_\_ no

Compliance

Compliance Material to Financial Statements X yes \_\_\_ no

B. Federal Awards – N/A

Material Weakness Identified \_\_\_ yes \_\_\_ no  
 Significant Deficiencies not considered to be  
 Material Weaknesses \_\_\_ yes \_\_\_ no

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

Unqualified \_\_\_\_\_ Qualified \_\_\_\_\_  
 Disclaimer \_\_\_\_\_ Adverse \_\_\_\_\_

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

C. Identification of Major Programs: N/A

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

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

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

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023 (continued)

**2023-1 Improving Segregation of Cash Duties**

Condition:

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

Criteria & Effect:

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

Recommendation:

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

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

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

Response:

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

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023 (continued)

**2023-2 Original Budget Not Legally Adopted**

Condition:

The fiscal year 2022 budget was not published, a public hearing was not held and it was not legally adopted in June 2022.

Criteria:

According to the Louisiana Budget Law, these procedures should be adhered to when adopting a legal budget.

Effect:

The Public Defender's is not in compliance with the Louisiana Budget Law.

Recommendation:

None

Response:

The new Public Defender was hired in November 2021 and did publish the proposed amended fiscal year 2022 budget along with the proposed fiscal year 2023 budget in June 2022. A public hearing was held for comments from taxpayers and the amended 2022 budget along with the proposed 2023 budget was approved.

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023

**22-1 Improving Segregation of Cash Duties**

Condition:

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

Recommendation:

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

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

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

Action Taken:

The Public Defender has the opportunity to review the bank statements and reconciliations at any time. The monthly invoices are also reviewed. Two signatures are required on all checks written and the head of the Public Defender's office reviews each invoice prior to his signature. The cost of hiring a second employee to provide these safeguards far outweigh the benefits. See finding 2023-1 for the year ended June 30, 2023.

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER  
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA  
STATUS OF PRIOR YEAR FINDINGS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2023

**22-2 Original Budget Not Legally Adopted**

Condition:

The fiscal year 2022 budget was not published, a public hearing was not held and it was not legally adopted in June 2022.

Criteria:

According to the Louisiana Budget Law, these procedures should be adhered to when adopting a legal budget.

Effect:

The Public Defender's is not in compliance with the Louisiana Budget Law.

Recommendation:

None

Action Taken:

The new Public Defender was hired in November 2021 and did publish the proposed amended fiscal year 2022 budget along with the proposed fiscal year 2023 budget in June 2022. A public hearing was held for comments from taxpayers and the amended 2022 budget along with the proposed 2023 budget was approved.

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Sixth Judicial District Public Defender (the Entity) and the Louisiana Legislative Auditor (LLA), on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Entity's management is responsible for those C/C areas identified in the SAUPs.

Sixth Judicial District Public Defender has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and related exceptions obtained are described in the attachment to this report.

We were engaged by the Sixth Judicial District Public Defender to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of the Sixth Judicial District Public Defender and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*David M. Hartt, CPA (APAC)*

West Monroe, Louisiana  
September 12, 2023

***1) Written Policies and Procedures***

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- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ii. ***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.
  - iii. ***Disbursements***, including processing, reviewing, and approving.
  - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
  - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
  - x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
  - xi. ***Information Technology 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.
  - xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.



## Exceptions

Currently, the Public Defender's office does not have written policies and procedures addressing purchasing, disbursements, receipts, and contracting. The Public Defender's office follows the Louisiana State Employees Guide to Travel Regulations for travel and expense reimbursement policy.

### **2) Board or Finance Committee**

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- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
  - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

This section not applicable.

### **3) Bank Reconciliations**

---

- A. Obtain a listing of entity 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 each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a 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
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

## Exceptions

There is no evidence that a member of management with no involvement in the transactions associated with the bank accounts has reviewed each bank reconciliation.

### 4) Collections (excluding electronic funds transfers)

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- A. 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).
- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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
  - i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also 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; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:
  - i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. 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 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.

### Exceptions

All cash/checks/money order (cash) collection is done at four locations, each of the three parish courthouses and the Public Defender's office. There is only one employee that handles all aspects of the accounting process and she is not bonded. That employee receives the checks from three other agencies as well as State Appropriations and makes the deposit. A copy of the check received is made and put in the file and receipts are used.

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

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- A. 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).
- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
  - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - iii. 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;
  - iv. 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; and
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

*[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]*

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
  - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic

payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

#### Exceptions

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

#### 6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
  - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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

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- A. 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 and 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

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. 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 Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

### **8) Contracts**

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- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
  - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
  - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

### **9) Payroll and Personnel**

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- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

#### **10) Ethics**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions noted.

#### **11) Debt Service**

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

This section not applicable.

## 12) Fraud Notice

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

## 13) Information Technology Disaster Recovery/Business Continuity

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- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
  - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
  - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedures and discussed the results with management.

## 14) Prevention of Sexual Harassment

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

No exceptions noted.