

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
CADDO PARISH, LOUISIANA
JUNE 30, 2022**

FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
CADDO PARISH, 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 First Judicial District Public Defenders' Office, Caddo Parish, provides an overview of the Office's financial activities for the year ended June 30, 2022. Please read it in conjunction with the Office's financial statements, which begin on Page 4.

USING THIS REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on Pages 4 and 5) 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 4. 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 4 and provide detailed information about the most significant funds - not necessarily the Office as a whole.

Governmental funds (General Fund) - All of the Office's basic services are reported in a governmental fund, which focuses on how money flows into and out of this fund 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 \$940,012. Of this figure, \$19,013 (2.02%) is its investment in capital assets such as equipment, furniture, computers, etc. Additionally, \$868,607 (92.40%) is its leased right of use assets, such as office equipment and office space. The remaining portion of net position of \$52,392 (5.57%) is unrestricted. The Office's total net position changed from June 30, 2021, decreasing by \$149,370, or 13.71%.

It should be noted that the current year includes the new lease presentation required under GASB 87, while prior year does not. The implementation of GASB 87 increased total expenditures in the Fund Financial Statements and added the Lease Right of Use Assets and Lease Liabilities at the end of the year in the Government-Wide Financial Statements. Net positions are shown below.

	Governmental Activities	
	2022	2021
Current and other assets	971,945	1,148,936
Capital assets	19,013	24,495
Lease right of use assets	868,607	-
Total assets	<u>1,859,565</u>	<u>1,173,431</u>
Short-term liabilities	91,729	-
Long-term liabilities	827,824	84,049
Total liabilities	<u>919,553</u>	<u>84,049</u>
Net position:		
Net investment in capital assets	19,013	24,495
Unrestricted	<u>920,999</u>	<u>1,064,887</u>
Total net position	<u><u>940,012</u></u>	<u><u>1,089,382</u></u>

THE OFFICE'S ACTIVITIES

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, 2022 and 2021, are shown below.

	Governmental Activities	
	2022	2021
Expenditures:		
Salaries and related benefits	1,703,728	1,733,266
Contract services	952,407	916,387
Operating services	326,675	344,549
Travel and professional development	19,802	11,476
Depreciation	5,482	9,953
Total expenses	<u>3,008,094</u>	<u>3,015,631</u>
Revenues:		
Court costs (fines & forfeitures)	782,094	939,406
Court ordered fees	55,121	83,991
Federal grants	27,500	51,054
State grants	1,983,711	2,396,638
Other income	10,298	99,458
Total revenues	<u>2,858,724</u>	<u>3,570,547</u>
Change in net position	(149,370)	554,916
Net position, beginning of year	<u>1,089,382</u>	<u>534,466</u>
Net positions, end of year	<u><u>940,012</u></u>	<u><u>1,089,382</u></u>

Total revenues decreased \$711,823, from total revenues in 2021 of \$3,570,547 to total revenues of \$2,858,724 in 2022. The decrease in revenues was largely attributable to a decrease in state grants. In addition, total expenses decreased by \$7,537 from total expenses of \$3,015,631 in 2021 to total expenses of \$3,008,094 in 2022. This decrease was largely attributable to a decrease lease expense for office space.

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, 2022, was \$19,013. This investment includes equipment and fixtures.

The Office's lease right of use asset investment also assists in carrying out the mandated functions of the Office. This investment, net of allowance for amortization, as of June 30, 2022, was \$868,607. This investment is for office equipment, including copiers, as well as office space.

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 First Judicial District Public Defenders' Office's office at 400 Travis Street, Suite 2000, Shreveport, Louisiana 71101.

AUDITED FINANCIAL STATEMENTS



REGIONS TOWER
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The Chief Defender
First Judicial District Public Defenders' Office
Caddo 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 First Judicial District Public Defenders' Office as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Office'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 and the major fund of the First Judicial District Public Defenders' Office, as of June 30, 2022, 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.

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 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 our report. We are required to be independent of the First Judicial District Public Defenders' Office 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 these 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 the 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 First Judicial District Public Defenders' Office'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.

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 the 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 on the effectiveness of the First Judicial District Public Defenders' Office'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 First Judicial District Public Defenders' Office'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 management's discussion and analysis on pages i – iii, and budgetary comparison information on pages 16 – 17 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 opinions on the financial statements that collectively comprise the First Judicial District Public Defenders' Office's basic financial statements. The accompanying schedule of compensation on page 18 and justice system reporting schedule on page 19 are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The 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 and justice system reporting schedule 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 December 20, 2022, on our consideration of the First Judicial District Public Defenders' Office'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 First Judicial District Public Defenders' Office's 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 First Judicial District Public Defenders' Office's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
December 20, 2022

FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
GOVERNMENT WIDE STATEMENT OF NET POSITION

JUNE 30, 2022

<u>ASSETS</u>	Governmental Fund Balance Sheet	Adjustments	Statement of Net Position
	<u> </u>	<u> </u>	<u> </u>
Cash	897,675	-	897,675
Receivables	74,270	-	74,270
Capital assets, net of allowance for depreciation	-	19,013	19,013
Lease right of use assets, net allowance for amortization	-	868,607	868,607
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>971,945</u>	<u>887,620</u>	<u>1,859,565</u>
 <u>LIABILITIES AND FUND EQUITY</u> 			
<u>Liabilities:</u>			
Accounts Payable	9,423	-	9,423
Accrued compensated absences	-	19,107	19,107
Lease liability - short-term	-	82,306	82,306
Lease liability - long-term	-	808,717	808,717
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	9,423	910,130	919,553
 <u>Fund equity:</u>			
Unassigned	962,522	(962,522)	-
<u>Net position:</u>			
Invested in capital assets	-	19,013	19,013
Unrestricted	-	920,999	920,999
	<u> </u>	<u> </u>	<u> </u>
Total fund equities	<u>962,522</u>	<u>(22,510)</u>	<u>940,012</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and net assets	<u>971,945</u>	<u>887,620</u>	<u>1,859,565</u>

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

FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
GOVERNMENT WIDE STATEMENT OF ACTIVITES
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Fund	Statement of Revenues and Expenditures	Adjustments	Statements of Activities
<u>Expenditures/expenses:</u>				
Judiciary:				
Personal services	1,456,317	-	-	1,456,317
Contract Services	952,407	-	-	952,407
Related benefits	312,353	(64,942)	-	247,411
Travel and professional development	19,802	-	-	19,802
Operating services	304,259	22,416	-	326,675
Depreciation	-	5,482	-	5,482
Total expenditures/expenses	3,045,138	(37,044)	-	3,008,094
<u>Program revenues:</u>				
Charge for services	55,121	-	-	55,121
Other charges	782,094	-	-	782,094
Net program revenues	837,215	-	-	837,215
<u>General revenues:</u>				
Federal grants	27,500	-	-	27,500
State grants	1,983,711	-	-	1,983,711
Other income	10,298	-	-	10,298
Total general revenues	2,021,509	-	-	2,021,509
Total revenues	2,858,724	-	-	2,858,724
<u>Excess of revenues over expenditures/expenses</u>	(186,414)	37,044	-	-
<u>Change in net position</u>	-	-	-	(149,370)
<u>Fund balance/net assets:</u>				
Beginning of year	1,148,936	(59,554)	-	1,089,382
End of year	962,522	(22,510)	-	940,012

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

FIRST JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Introduction

The First 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 parish of Caddo, Louisiana.

The First Judicial District Public Defenders' Office is domiciled in Caddo Parish, Shreveport, Louisiana. All records of proceedings and official actions (all paper, documents, and records) are kept in Shreveport, Louisiana.

The First Judicial District Public Defenders' Office employs 58 people. There are 32 employees (15 full-time attorneys, 12 full-time support staff, 4 full-time investigators, and 1 part-time support staff), 24 contract attorneys, 1 social worker, and 1 contract IT person. All employees are salaried.

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying basic financial statements of the First 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 First 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 First Judicial District Public Defenders' Office.

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

1. Summary of Significant Accounting Policies (Continued)

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 decrease in the fund's 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 balances 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 certain compensated absences 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 on 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, 2022.

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 users as a fee for services. Program revenues reduce the cost of the function to be financed from the Office's general revenues.

1. Summary of Significant Accounting Policies (Continued)

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	962,522
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Property, Plant & Equipment	19,013
Lease Right of Use Asset	868,607
Liabilities for accrued compensated absences that are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(19,107)
Lease Liability	<u>(891,023)</u>
Net Position of Governmental Activities	<u>940,012</u>
Excess of revenues over expenditures, Governmental Fund	(186,414)
Income deriving from the reduction of compensated absences liability reported in the Statement of Activities does not provide current financial resources and, therefore, are not reported as income in the governmental funds.	64,942
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are 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.	(5,482)
Expenditures for lease payments that exceed the amortization of lease right of use assets and interest expense	<u>(22,416)</u>
Change in Net Position of Governmental Activities	<u>(149,370)</u>

New Accounting Standard

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases, and as required the First Judicial District Public Defenders' Office has adopted it in this fiscal year. This Statement outlines a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The First Judicial

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

District Public Defenders’ Office has analyzed the provisions of GASB Statement No. 87, Leases, and has concluded that there are three leasing arrangements which qualify for disclosure under the new statement with the First Judicial District Public Defenders’ Office being the lessee.

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.

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>
Furniture and fixtures	5-15 years
Computer equipment	5 years

Compensated Absences

Employees are granted PTO based upon years of employment. During fiscal year ended June 30, 2017, the Office of the Public Defenders paid time off (PTO) policy was updated to limit the amount of accumulated PTO available for future use to 5 days. PTO earned under the current policy is not eligible to be paid upon separation of employment.

All unused vacation days accumulated prior to adoption of the new policy will continue to be held by the employee who carry it over until used by the employee and are eligible to be paid upon separation of employment. Amounts reflected as accrued compensated absences in the government wide statement of net assets represent these amounts.

Long-Term Liabilities

Long-Term Liabilities include obligations of capitalized leases.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of any 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.

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.

2. Budgets

The Public Defenders' Office followed the following budget practices, as of June 30, 2022:

- (a) The District 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) Effective August 15, 2007, budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated are submitted to Louisiana Public Defenders' Board.
- (e) Budgetary appropriations lapse at the end of each fiscal year.

The original budget was amended once for the year ended June 30, 2022.

3. Cash and Cash Equivalents

At June 30, 2022, the Public Defenders' Office had cash and cash equivalents (book balances) as follows:

Interest-bearing demand deposits	897,675
----------------------------------	---------

All deposits of the Public Defenders' are held by area financial institutions. Under state law, cash 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 fair value of the securities plus the federal deposit insurance must at all times equal the amount of the deposit with the fiscal agent. At June 30, 2022, the Public Defenders' Office deposits with banks were fully secured by federal deposit insurance and securities held by the pledging financial institution.

4. Receivables

Receivables of \$74,270 at June 30, 2022 result from items classified as Program Revenues, Other Charges in the general fund and General Revenues, State Grants.

4. Receivables (Continued)

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.

5. Capital Assets

Capital assets and depreciation activity, and lease right-of-use assets and amortization activity, as of and for the year ended June 30, 2022, are as follows:

	Beginning Balance 6/30/21	Increase	Decrease	Ending Balance 06/30/22
Governmental activities:				
Computer equipment	189,851	-	-	189,851
Furniture and fixtures	164,109	-	-	164,109
Equipment	136,428	-	-	136,428
Total	490,388	-	-	490,388
Less accumulated depreciation	(465,893)	(5,482)	-	(471,375)
Total	24,495	(5,482)	-	19,013
Right of use assets	975,586	-	-	975,586
Less accumulated amortization	-	106,979	-	106,979
Total	975,586	(106,979)	-	868,607
Capital assets, net	1,000,081	(112,461)	-	887,620

6. Pension and Deferred Compensation Plans

Under the guidelines established in accordance with the Internal Revenue Code Section 457, employees of the Public Defenders' Office participate in the Caddo Parish Public Defenders' 457 401(a) Plan. The 401(a) Plan and contributions to the pre-existing 457 Deferred Compensation Plan are administered by Security Benefit Retirement Corporation. The 401(a) Plan supersedes all other existing plans to which the Public Defenders' Office contributes. The Plan is governed by the laws of the State of Louisiana and is available to all full-time employees.

The amount of monthly contribution for each participating employee under the 401(a) Plan must be greater than or equal to that percent of the employee's compensation which the federal government would require withheld for the Federal Social Security System for employees not participating in a qualified retirement plan. At no time may the contribution fall below 7.5% of the compensation. Vesting provisions allow a participant to be fully vested in the employer's contributions after seven (7) years of service, with the participant eligible to receive distributions from the Plan upon normal retirement, death, or permanent disability.

It is the opinion of the Public Defenders' legal counsel that the Office is not liable for losses arising from depreciation or shrinkage in the value of any investments acquired under the deferred compensation plan.

6. Pension and Deferred Compensation Plans (Continued)

However, the Public Defenders' Office believes it has the duty of care that would be required of an ordinary prudent investor.

For the year ended June 30, 2022, the Public Defenders' Office had deferred compensation expense of \$117,348.

7. Leases

The Public Defenders' Office leases office equipment at both the Bossier and Webster locations. Each agreement is discounted at a 7% interest rate. The various lease commitments are as follows:

1. On September 7, 2017, the First Judicial District Public Defenders' Office entered into a finance lease agreement for a copier for the Receptionist area for 60 months. In the current year, \$3,000 was paid in receptionist copier lease payments.
2. On April 23, 2020, the First Judicial District Public Defenders' Office entered into a finance lease agreement for a copier for the Juvenile Office for 24 months. In the current year, \$1,780 was paid in Juvenile office copier lease payments. The lease expired on April 23, 2022.
3. On September 24, 2020, the First Judicial District Public Defenders' Office entered into a finance lease agreement for a copier for the Main office for 60 months. In the current year, \$3,720 was paid in Main office copier lease payments.
4. On January 1, 2021, the First Judicial District Public Defenders' Office entered into a finance lease agreement for office space for 60 months. In the current year, \$137,580 was paid in main office lease payments. The lease agreement provides for one renewal option for a 60 month period that the Office is reasonably certain to exercise.

The following is a summary of lease liability transactions of the Public Defenders' Office for the year-ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Leases	975,586	-	(84,563)	891,023

The Public Defenders' Office's principal and interest requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	82,306	59,744	142,050
2024	87,460	53,840	141,300
2025	93,783	47,517	141,300
2026	97,707	40,803	138,510
2027	103,784	33,796	137,580
2028-2033	425,983	55,547	481,530
			<u>1,182,270</u>

8. Governmental Fund Revenues and Expenditures

Revenues:

Federal Government

Grants 27,500

State Government

Grants 1,983,711

Local Government

Statutory fines, forfeitures, fees, court costs, and other 782,094

Charges for Services

55,121

Miscellaneous

10,298

Total revenues

2,858,724

Expenditures:

Personnel Services and Benefits

Salaries 1,456,317

Retirement contributions 117,348

Insurance 195,005

Total 1,768,670

Professional Development

19,802

Operating Costs

Library and research 17,410

Contract services - attorney/legal 952,407

Contract services - other 30,106

Lease - office 156,144

Lease - autos and other 8,827

Insurance 3,852

Supplies 10,923

Utilities and telephone 21,929

Other 55,068

Total 1,256,666

3,045,138

9. Subsequent Events

We evaluated events and transactions that occurred after the balance sheet date through the date the financial statements were made available to be issued for potential recognition or disclosure in the financial statements. We evaluated such events through December 20, 2022 and noted no such events.

REQUIRED SUPPLEMENTARY INFORMATION

FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022
(Unaudited)

	Original Annual Budget	Amended/ Final Budget	Actual	Favorable (Unfavorable) Variance with Final Budget
<u>Revenues:</u>				
Fines and forfeitures	1,037,268	785,954	785,094	(860)
Fees from indigents	45,294	90,529	55,121	(35,408)
State grants	2,251,438	1,993,576	1,983,711	(9,865)
Federal grants	65,000	46,054	27,500	(18,554)
Investment earnings	400	-	-	-
Other	-	6,649	7,298	649
Total revenues	<u>3,399,400</u>	<u>2,922,762</u>	<u>2,858,724</u>	<u>(64,038)</u>
<u>Expenditures:</u>				
Salaries	1,735,000	1,532,425	1,456,317	76,108
Retirement contributions and related benefits	136,000	117,492	117,348	144
Group health insurance	120,000	110,107	195,005	(84,898)
Library and research	25,000	17,411	17,410	1
Contract services - attorney/legal	976,000	954,539	952,407	2,132
Contract services - other	50,400	47,199	30,106	17,093
Lease - office and other	229,500	198,936	164,971	33,965
Education, travel and training	25,000	19,802	19,802	-
Insurance	32,600	32,600	3,852	28,748
Supplies	12,000	10,098	10,923	(825)
Other	57,900	25,636	76,997	(51,361)
Total expenditures	<u>3,399,400</u>	<u>3,066,245</u>	<u>3,045,138</u>	<u>21,107</u>
<u>Excess (deficiency) of revenues over expenditures</u>	-	(143,483)	(186,414)	(42,931)
<u>Fund balance at July 1, 2021</u>	<u>1,090,799</u>	<u>1,148,936</u>	<u>1,148,936</u>	-
<u>Fund balance at June 30, 2022</u>	<u>1,090,799</u>	<u>1,005,453</u>	<u>962,522</u>	<u>(42,931)</u>

FIRST JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

NOTES TO BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2022

(Unaudited)

1. Budget

Refer to Note 2 of the financial statements for details regarding the budget process.

2. Budget Variances

Actual total revenues were below budgeted revenues by 2.19% and actual expenses were 0.69% below budgeted expenses. The Louisiana Revised Statute 39:13:11 requires an amendment to the Public Defenders' Office's budget when receipts plus projected revenue collections for the year fail to meet budgeted revenues by 5% or more, or when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by 5% or more.

SUPPLEMENTARY INFORMATION

FIRST 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, 2022

Agency Head: Michelle M. AndrePont

Salary	127,083
Benefits-insurance	5,874
Benefits-retirement	10,167
Dues	435
Per diem	639
Travel	2,775

FIRST JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY

AS REQUIRED BY ACT 87 OF THE REGULAR LEGISLATIVE SESSION

CASH BASIS PRESENTATION

FOR THE YEAR ENDED JUNE 30, 2022

	First Six Month Period Ended 12/31/2021	Second Six Month Period Ending 06/30/2022
Receipts From:		
Caddo District Court - Criminal Court Costs/Fees	\$ 7,450	\$ 5,501
Caddo Parish Commission - Criminal Court Costs/Fees	1,520	2,160
Shreveport City Court - Criminal Court Costs/Fees	3,560	4,560
Caddo Parish Sheriff's Office- Criminal Court Costs/Fees	98,695	90,953
Shreveport City Marshall - Criminal Court Costs/Fees	157,556	139,350
Caddo Parish Sheriff's Office - Probation	4,615	13,554
Caddo District Attorney - Bond Fees	-	8,596
Caddo Parish Sheriff's Office - Bond Fees	128,856	126,183
Caddo Parish Juvenile Court - Other	750	2,250
Shreveport City Court - Other	8,631	5,965
Total Receipts	<u>\$ 411,633</u>	<u>\$ 399,072</u>

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
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December 20, 2022

The Chief Defender
First Judicial District Public Defenders' Office
Caddo 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 First Judicial District Public Defenders' Office (Office) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements, and have issued our report thereon dated December 20, 2022.

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 as a basis for designing 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.

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

Our consideration of internal control 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 as item 2022-01.

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 financial statements. 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*.

First Judicial District Public Defenders' Office's Response to Findings

First Judicial District Public Defenders' Office's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. First Judicial District Public Defenders' Office's 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

FIRST JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the First Judicial District Public Defenders' Office.
2. One material weakness is reported for the year ended June 30, 2022.
3. The First Judicial District Public Defenders' Office was not subject to a Federal Single Audit for the year ended June 30, 2022.
4. No material noncompliance was noted.

B. Findings - Financial Statement Audit

2022-01 Internal Controls with Regard to Financial Reporting

Condition and Criteria: 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. This condition, even though intentional, represents a material weakness in internal control under generally accepted auditing standards, and results from management's need to balance the entity's financial complexity with the appropriate level of accounting expertise. It is not cost-effective for the entity to prepare its financial statements in-house.

Effect and Recommendation: Although generally accepted auditing standards require preparation of year-end adjusting entries and financial statements with note disclosures by the audited entity, prudent management dictates that the potential benefit from an internal control must exceed its cost. In this case, both management and the auditor do not believe that curing the control deficiency is cost effective, and do not believe that any corrective action is required.

FIRST JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

Prior Findings – Financial Statement Audit

2021-01 Internal Controls with Regard to Financial Reporting

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. This finding was not resolved and therefore repeated in the current year.



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December 20, 2022

The Chief Defender
First Judicial District Public Defenders' Office
Shreveport, Louisiana

Louisiana Legislative Auditor
Baton Rouge, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 01, 2021 through June 30, 2022. First Judicial District Public Defender's management is responsible for those C/C areas identified in the SAUPs. These Statewide Agreed-Upon Procedures were applied only to the Workforce Development control and compliance areas, as these are the areas that involve the use of public monies.

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, 2021, through June 30, 2022. 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 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
Exception: The entity has written policies over the budget process but lack procedures for adopting and monitoring the budget.

Management's Response: Budgeting is done in accordance with the Louisiana Local Government Budget Act. So, while the entity does not have a separate written policy, there are statutes the entity must follow regarding budgeting.

- 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 but does not address how vendors are added to the vendor list.

Management's Response: Any vendor that is not currently on the Quickbooks vendor list is only added after the Chief Defender approves payment for that particular vendor or a contract is signed by the Chief District Defender authorizing said vendor to be paid, thereby authorizing that vendor to be added.

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

Exception: The entity does not have adequate written policies or procedures that deal with disbursements.

Management's Response: Policies governing disbursements such as purchases and reimbursements are outlined in the Caddo Parish Public Defender Office Policies. These policies will be reviewed and updated to ensure they adequately address all disbursements and the steps involved in the disbursement process.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Exception: The entity has written procedures covering the handling of receipts but does not address determining the completeness of all collections.

Management's Response: The entity will revise its policy to address the completeness of all collections.

- e) **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(s) rate of pay or approval and maintenance of pay rate schedules.

Exception: The entity has written policy covering payroll review and approval of time and attendance records, including leave; however, the policy does not include procedures for processing payroll.

Management's Response: An outside payroll service processes payroll. Before the payroll is run, the office manager reviews the payroll for any errors in the amounts, deductions, etc. Contract attorneys are not paid through the outside service; instead, they are paid by check drafted in-house after the Office Manager reviews and verifies their earnings and timesheets.

- 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 deal with contracting.

Management's Response: The office does not have a policy for contracting because the only contracts in which the office enters are those involving attorneys to handle caseloads. A normal interview process for attorneys is used.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Exception: The entity does not have adequate written policies or procedures that deal with bank cards.

Management's Response: The entity will work towards a policy to address credit and bank cards.

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

Exception: The entity has policies that deal with travel and expense reimbursements; however, this policy does not include procedures about documentation requirements or required approvals.

Management's Response: The travel policy will be updated to reflect current travel policy of reimbursement with prior approval, review and approval of all receipts for costs for which reimbursement is being sought, and approval of checks when processed. The policy will be the same as what appears in the Caddo Parish Public Defender Office Policies – Reimbursement.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes 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.

Exception: The entity does not have adequate written policies or procedures that deal with ethics.

Management's Response: All staff and contractors are required to take the ethics training found on the Louisiana Legislative Auditor website. Furthermore, attorneys are required to take ethics training as a part of maintaining their licenses to practice law.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/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) **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.

Exception: The entity does not have adequate written policies or procedures that relate to disaster recovery/business continuity.

Management's Response: There is not written policy but the office will prepare one.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The entity has adequate sexual harassment policies that deal with agency responsibilities and prohibitions, annual employee training, and annual reporting.

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

- 3. 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:

- a) 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);

Bank reconciliation was prepared for account selected and included evidence of having been prepared within 2 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: There is no documentation of bank reconciliation being reviewed by member of management or board member.

Management's Response: Each bank statement is reconciled as soon as it is received. Following reconciliation, a reconciliation report is generated from Quickbooks and attached to the bank statement. The information from the bank statement as well as the reconciliation report is then entered into the monthly financial report.

- c) 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.

Exception: Management does not review outstanding items in a timely manner.

Management's Response: The office will begin logging all outstanding checks and researching the reason for the staleness of the check.

Collections (excluding electronic funds transfers)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete.

Randomly select 5 deposit sites (or all deposit sites if less than 5).

The only deposit site is the main office.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Each employee responsible for collecting cash does not share the cash drawer with another employee.

- 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.

Each employee responsible for collecting cash does not prepare or make the related bank deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Each employee responsible for collecting cash does not post collection entries to the general or subsidiary ledgers.

- 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/official verifies the reconciliation.

The employee responsible for reconciling cash collections to the general or subsidiary ledgers is not responsible for collecting cash.

- 6. 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 enforced during the fiscal period.

The entity is covered for theft under an insurance policy that was in effect during the fiscal period.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

No exceptions.

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

No exceptions.

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

No exceptions.

- 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 and the cash is stored securely in a locked safe or drawer).

Exception: Deposits were not made within one business day.

Management's Response: If the amount collected is minimal, it may not be deposited the next day. The office is short-staffed and the office manager who makes the deposits has multiple duties.

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

No exceptions.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

A listing of locations was obtained from management.

9. For each location selected under #2 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.

An employee can initiate a purchase request, which is then approved by the Chief District Defender.

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

The Chief District Defender approved the bill, and the payment is processed by the office manager.

- 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.

Exception: The office manager has access to the vendor file; however, there is no process to review files.

Management's Response: The same person who does add the vendors to the disbursement system. However, the District Defender signs off on any change or addition to payroll.

- 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.

Exception: The office manager processes and mails payments.

Management's Response: The office manager who processes payments and mails the checks does not sign the checks. Furthermore, the District Defender, or his/her designees, approves any payment before the check is processed and also signs the checks. However, the District Defender does not have access to process a check.

10. For each location selected under #2 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, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

For all selections, no exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #3, as applicable.

Exception: There is no documentation of segregation of duties.

Management's Response: The purchase approval and initiation duties are properly separated.

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

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

A listing of all active cards was obtained from management.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Exception: There is no evidence of review or approval on the bank statement tested.

Management's Response: Management will improve its process to ensure there is evidence that the bank statement is reviewed and approved monthly.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No finance charges or late fees were assessed on the selected statement.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by

- a) an original itemized receipt that identifies precisely what was purchased,

Original invoices were provided.

- b) written documentation of the business/public purpose, and
Invoices documented what was being paid/purchased.
- c) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.
Not applicable as none of the selected transactions were for meals.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, 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).
No exceptions noted.
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
Exception: Two of the reimbursements selected did not include all invoices.
Management’s Response: The entity will improve its process to ensure all invoices are included for all reimbursements going forward.
 - 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).
Exception: Three of the reimbursements did not include the names of individuals participating in meals.
Management’s Response: The entity will improve its process to ensure all names of individuals participating in meals are documented going forward.
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Due to the nature of the contracts selected, it was determined that soliciting quotes as a best practice was not considered necessary.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

No approval by governing body or board is required.

- c) 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 was approval documented).

No exceptions to procedure noted.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions to procedure noted.

Payroll and Personnel

16. 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.

Obtained listing from Management and agreed selected employees' salaries and pay rates without exception.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

Exception: One of the five employees selected did not document their daily attendance.

Management's Response: The office manager makes every effort to reconcile the time sheets submitted by staff with their leave slips for correctness.

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

Exception: Attendance and leave records were not approved by supervisors.

Management's Response: The office manager makes every effort to reconcile the time sheets submitted by staff with their leave slips for correctness.

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

Leave accrued or taken during the pay periods tested were appropriately reflected in cumulative leave records..

- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

18. 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

- a) Obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments.

Exception: Obtained the documentation of hours and pay rates used in termination calculations, but entity does not have policy on termination payments.

Management's Response: The entity will work towards a policy to address termination payments for 2023.

- b) Agree the hours to the employee or officials' cumulate leave records.

Accrued hours received on final check agreed to the cumulative leave records.

- c) Agree the pay rates to the employee or official's authorized pay rates in the employee or officials' personnel files.

No exceptions to procedure noted.

- d) Agree the termination payment to entity policy.

Exception: Entity does not have a termination policy.

Management's Response: The entity will work towards a policy to address termination for 2023.

19. 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.

Management's representation was obtained covering these statements.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions to procedure noted.

- b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Not applicable; no changes were made during the fiscal period to the entity's fiscal period.

Debt Service

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

Fraud Notice

21. 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.

N/A – no misappropriations of public funds identified during the fiscal period.

22. 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.

The entity does not have a website. The fraud notice is posted on the entity's premises.

Information Technology Disaster Recovery/Business Continuity

23. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c. 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.

We performed the procedure and discussed the results with management.

Sexual Harassment

24. Using the 5 randomly selected employees/official from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions to procedure noted.

25. Observe 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 they entity does not have a website).

Exception: The sexual harassment policy and complaint procedure is not posted on the website.

Management's Response: Management will ensure the sexual harassment policy and complaint procedure be posted on the entity's website.

26. Obtain the entity's sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;

Exception: The report does not include the number and percentage of public servants in the agency who have completed the training requirements.

Management's Response: All personnel must complete the Prevention of Sexual Harassment training annually. Management will add to the report going forward to include the number and percentage of public servants in the agency who have completed the training requirements.

- b) Number of sexual harassment complaints received by the agency;

Report stated there were no complaints received by the agency.

- c) Number of complaints which results in a finding that sexual harassment occurred;

Not applicable as the report stated there were no complaints received by the agency.

- d) Number of complaints in which the finding of sexual harassment results in discipline or corrective action; and

Not applicable as the report stated there were no complaints received by the agency.

- e) Amount of time it took to resolve each complaint.

Not applicable as the report stated there were no complaints received by the agency.

We were engaged by First Judicial District Public Defender Office 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 First Judicial District Public Defender Office 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.

Heard, McElroy & Kestel, LLC

Shreveport, Louisiana