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ORLEANS INDIGENT DEFENDER PROGRAM

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Release Date 8-16-00

FINANCIAL AND COMPLIANCE AUDIT

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 1999

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Orleans Indigent Defender Program
New Orleans, Louisiana

We have audited the accompanying general purpose financial statements of **Orleans Indigent Defender Program (OIDP)**, as of and for the year ended December 31, 1999, as listed in the Table of Contents. These general purpose financial statements are the responsibility of **OIDP's** management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of **OIDP** as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of the
Orleans Indigent Defender Program
New Orleans, Louisiana
Page 2

In accordance with Government Auditing Standards, we have also issued a report, dated May 19, 2000, on our consideration of **OIDP's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

May 19, 2000

ORLEANS INDIGENT DEFENDER PROGRAM
COMBINED BALANCE SHEET -
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP
DECEMBER 31, 1999

	GOVERNMENTAL FUND TYPE	ACCOUNT GROUP	TOTAL
	GENERAL FUND	GENERAL FIXED ASSETS	(MEMORANDUM ONLY-NOTE 1)
<u>ASSETS</u>			
Cash and cash equivalents (NOTE 2)	\$377,256	\$ -0-	\$377,256
Court costs on fines and forfeitures receivable	346,215	-0-	346,215
Due from employees	3,007	-0-	3,007
Office equipment and furnishings (NOTE 3)	-0-	47,968	47,968
Prepaid expenses	<u>51,581</u>	<u>-0-</u>	<u>51,581</u>
Total assets	<u>\$778,059</u>	<u>\$47,968</u>	<u>\$826,027</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	\$ 6,059	\$ -0-	\$ 6,059
Accrued expenses	<u>1,003</u>	<u>-0-</u>	<u>1,003</u>
Total liabilities	<u>7,062</u>	<u>-0-</u>	<u>7,062</u>
Fund equity:			
Investment in fixed assets	-0-	47,968	47,968
Fund balance-unreserved/undesignated	<u>770,997</u>	<u>-0-</u>	<u>770,997</u>
Total fund equity	<u>770,997</u>	<u>47,968</u>	<u>818,965</u>
Total liabilities and fund equity	<u>\$778,059</u>	<u>\$47,968</u>	<u>\$826,027</u>

The accompanying notes are an integral part of these general purpose financial statements.

ORLEANS INDIGENT DEFENDER PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE--GOVERNMENTAL FUND TYPE-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

Revenues:	
Court costs on fines and forfeitures	\$1,353,739
Probation assessments	117,411
Attorney fees	11,639
Interest	413
State Board funds (NOTE 6)	306,497
Bond funds	162,887
Other revenue	<u>3,267</u>
 Total revenues	 <u>1,955,853</u>
Expenditures:	
Salaries and related benefits	2,027,899
Travel and education	6,969
Material and supplies	10,811
Office expenditures	53,910
Audit and accounting	5,100
Insurance	67,338
Capital outlays	3,593
Law books and pamphlets	8,798
Witness expense	50,155
Miscellaneous	<u>1,633</u>
 Total expenditures	 <u>2,236,206</u>
Deficiency of revenues over expenditures	(280,353)
Fund balance at beginning of year	<u>1,051,350</u>
Fund balance at end of year	<u>\$ 770,997</u>

The accompanying notes are an integral part of these general purpose
financial statements.

ORLEANS INDIGENT DEFENDER PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)--
GOVERNMENTAL FUND TYPE-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
Revenues:			
Court costs on fines and forfeitures	\$1,357,600	\$1,353,739	\$ (3,861)
Probation assessments	114,000	117,411	3,411
Attorney fees	30,000	11,639	(18,361)
Interest	-0-	413	413
State Board funds	587,500	306,497	(281,003)
Bond funds	145,000	162,887	17,887
Other revenue	<u>-0-</u>	<u>3,267</u>	<u>3,267</u>
Total revenues	<u>2,234,100</u>	<u>1,955,853</u>	<u>(278,247)</u>
Expenditures:			
Salaries and related benefits:			
Salaries	1,725,739	1,761,822	(36,083)
Payroll taxes	133,919	137,781	(3,862)
Employee insurance	117,100	128,296	(11,196)
Travel and education	6,500	6,969	(469)
Material and supplies:			
Office supplies	4,500	5,189	(689)
Paper - copy machine	2,500	3,313	(813)
Printed forms	1,500	2,309	(809)
Office expenditures:			
Computer expense	8,500	8,952	(452)
Dues	200	235	(35)
Copy machine lease and maintenance	7,654	9,120	(1,466)
Telephone	14,000	22,213	(8,213)
Postage	1,000	1,447	(447)
Parking expense	<u>5,460</u>	<u>5,880</u>	<u>(420)</u>
Sub-total	2,028,572	2,093,526	(64,954)

(CONTINUED)

The accompanying notes are an integral part of these general purpose financial statements.

ORLEANS INDIGENT DEFENDER PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
GOVERNMENTAL FUND TYPE-GENERAL FUND
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
Expenditures, Continued:			
Office expenditures, Continued:			
Coffee supplies	\$ 575	\$ 615	\$ (40)
Bottled water	400	460	(60)
Photo supplies	2,250	1,808	442
Beeper service	1,200	1,780	(580)
Storage space/rental	1,200	1,400	(200)
Audit and accounting	5,100	5,100	-0-
Insurance	69,152	67,338	1,814
Capital outlays	5,000	3,593	1,407
Law books and pamphlets	5,600	8,798	(3,198)
Witness expense	70,000	50,155	19,845
Miscellaneous	<u>500</u>	<u>1,633</u>	<u>(1,133)</u>
Total expenditures	<u>2,189,549</u>	<u>2,236,206</u>	<u>(46,657)</u>
Excess (deficiency) of revenues over expenditures	44,551	(280,353)	\$(<u>324,904</u>)
Fund balance at beginning of year	<u>1,051,350</u>	<u>1,051,350</u>	
Fund balance at end of year	<u>\$1,095,901</u>	<u>\$ 770,997</u>	

The accompanying notes are an integral part of these general purpose
financial statements.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 1 - Background and Summary of Significant Accounting Policies:

Background

The **Orleans Indigent Defender Program (OIDP)**, established in compliance with Louisiana Revised Statutes 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 Parish of Orleans, Louisiana. The Board of Directors is composed of seven (7) members who are appointed by the district court for life. Board members serve without compensation. Revenues to finance **OIDP's** operations are provided primarily from court costs on fines imposed by the various courts within the district.

Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the **OIDP** have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

For financial reporting purposes, in conformance with GASB Codification Section 2100, **OIDP** is a part of the district court system of the State of Louisiana. However, **OIDP** operates autonomously from the State of Louisiana and independently from the district court system. Therefore, **OIDP** reports as an independent reporting entity and the financial statements include only the transactions of **OIDP**.

C. Fund Accounting

OIDP uses the general fund and the general fixed assets account group to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies,
Continued:

Summary of Significant Accounting Policies, Continued

C. Fund Accounting, Continued

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The general fund is 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 operating statement presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the general fund using the following practices in recording revenues and expenditures:

Revenues

Court costs on fines and forfeitures are recorded in the month the amounts are collected by the appropriate courts.

Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Substantially all other revenues are recorded when received.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies,
Continued:

Summary of Significant Accounting Policies, Continued

D. Basis of Accounting, Continued

Expenditures

Expenditures are recognized under the modified accrual basis of accounting when the related fund/account group liability is incurred.

E. Budgetary Data

The **OIDP** utilizes the following budget practices:

- o In the last quarter of the year, a budget for the following year is prepared and submitted to the Board of Directors for approval. The budget may be amended during the year, if requested, with the approval of the Board of Directors.
- o The budget records are maintained in the accounting department with all other public records of this program and can be reviewed by making arrangements with the Director.
- o The budget is normally presented for approval at the last board meeting of the year and anyone could attend the budget hearing if they so desire.
- o The budget is based on prior year experience as to receipts and disbursements and takes into consideration increases in costs of services and supplies, taxes, insurance and equipment, as well as the increased costs of salaries and fringe benefits when raises and/or new positions are authorized. The budget as a whole is based on the amount of money that is available and the disbursements that are necessary to maintain the efficient operation of this program.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies,
Continued:

Summary of Significant Accounting Policies, Continued

E. Budgetary Data, Continued

- o Quarterly financial reports are submitted to the Board of Directors, which in part list the amount of the budget that has been used for that period and indicates a favorable or unfavorable difference as to the budget amount attributed to the period of time being reported.
- o All budgetary appropriations lapse at the end of the fiscal year and **OIDP** does not use a system of encumbrance accounting.
- o The budget for general fund expenditures is prepared on a basis consistent with generally accepted accounting principles.

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing time deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less. Under state law, **OIDP** 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 their principal offices in Louisiana.

G. Fixed Assets

Fixed assets are recorded as expenditures at the time purchased, and the related assets are reported in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies,
Continued:

Summary of Significant Accounting Policies, Continued

H. Compensated Absences

All employees earn one and one-half (1 ½) days of vacation leave each month. Vacation leave can be accumulated up to a maximum of thirty (30) days. Sick leave is earned at the rate of two (2) days each month. Sick leave can be accumulated without limitation. Upon termination, all unused vacation and sick leave lapse. At December 31, 1999, there are no accumulated and vested benefits relating to vacation or sick leave that require disclosure or accrual to conform with generally accepted accounting principles.

I. Total Column on the Combined Balance Sheet

The total column on the combined balance sheet is captioned "Memorandum Only" to indicate that the information is presented only to facilitate financial analysis. Data in this column does not present the financial position in conformity with generally accepted accounting principles. *Such data is not comparable to a consolidation.*

Use of Estimates

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

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Cash and Cash Equivalents:

OIDP had cash and cash equivalents totaling \$377,256 (book balances) at December 31, 1999, as follows:

Demand deposits	\$360,948
Time deposits:	
Savings account	<u>16,308</u>
Total	<u>\$377,256</u>

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 securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 1999, **OIDP** has \$416,614 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$850,796 of pledged securities held by a custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, 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 **OIDP** that the fiscal agent has failed to pay deposited funds upon demand.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Changes in General Fixed Assets:

A summary of changes in general fixed assets (office equipment) follows:

Balance, January 1, 1999	\$ 148,092
Additions	3,593
Deletions	<u>(103,717)</u>
 Balance, December 31, 1999	 \$ <u>47,968</u>

The above deletions represent adjustments for the results of physical inventories of fixed assets at December 31, 1999.

NOTE 4 - Pension Plan:

Substantially all of **OIDP's** employees participate in the federal social security program. **OIDP** is required to remit an amount to the Social Security Administration equal to the employee's contribution up to an established limit. **OIDP** does not guarantee any of the benefits granted by the Social Security Administration.

NOTE 5 - Operating Lease:

OIDP has an operating lease for office equipment. This lease has a remaining term of less than one (1) year.

Lease expense for the current year amounted to \$8,000.

NOTE 6 - District Assistance Fund Grant:

During the 1999 fiscal year, **OIDP** was awarded and received grant funds from the Louisiana Indigent Defender Board's (LIDB) District Assistance Fund.

The District Assistance Fund is a grant-in-aid program intended to provide supplemental financial assistance in felony cases to district indigent defender boards that have a need for such supplemental funding and that are willing to comply with the standards, guidelines, and policies of the Louisiana Indigent Defender Board.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - District Assistance Fund Grant, Continued:

Funding under the program is being provided to assist qualified district boards in improving the quality of indigent defense on a continuous basis especially with respect to the following major goals:

- 1) To lower attorney caseloads to levels consistent with LIDB and national caseload standards;
- 2) To increase the pool of qualified attorneys certified under the LIDB's capital and appellate programs;
- 3) To provide more effective attorney unit support in the form of investigators, secretaries, and other forms of office support;
- 4) To improve criminal defense knowledge and skill through training, specialized continuing legal education, and better supervision; and
- 5) To defray expert witness/testing costs.

NOTE 7 - Risk Management:

OIDP is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets for which **OIDP** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors of the
Orleans Indigent Defender Program
New Orleans, Louisiana

We have audited the general purpose financial statements of **Orleans Indigent Defender Program (OIDP)** as of and for the year ended December 31, 1999, and have issued our report thereon dated May 19, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **OIDP's** general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose 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 instances of noncompliance that are required to be reported under Government Auditing Standards, which are described in the accompanying Schedule of Findings and Questioned Costs as Item 99-1 and 99-2.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

Internal Control Over Financial Reporting

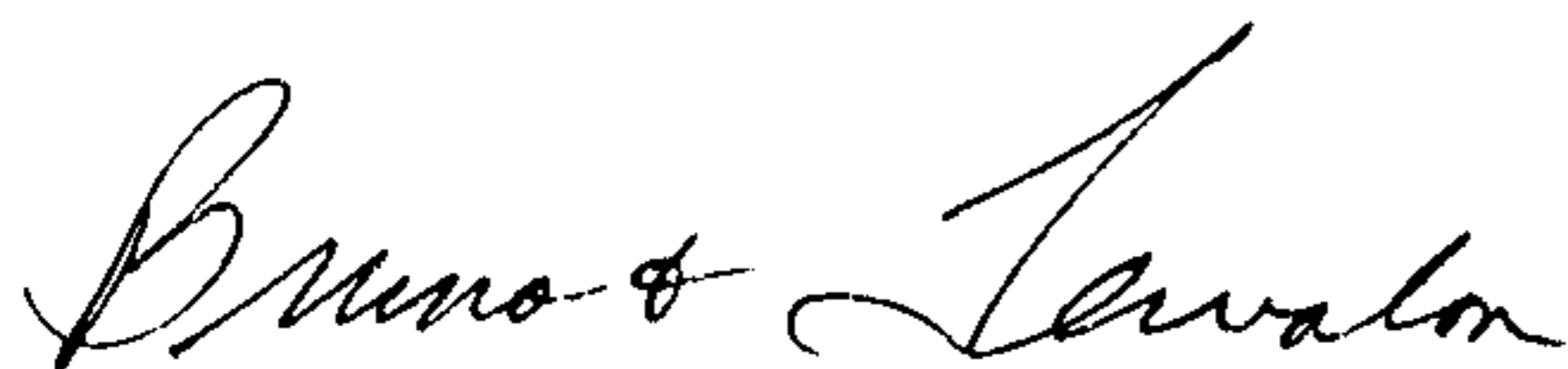
In planning and performing our audit, we considered **OIDP's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect **OIDP's** ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as Item 99-1 and 99-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are not a material weakness.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

This report is intended solely for the use of management and the State of Louisiana, Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

May 19, 2000

ORLEANS INDIGENT DEFENDER PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1999

We have audited the general purpose financial statements of **Orleans Indigent Defender Program** as of and for the year ended December 31, 1999, and have issued our report thereon dated May 19, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 general purpose financial statements as of December 31, 1999 resulted in an unqualified opinion.

I. SUMMARY OF AUDITORS' RESULTS

- A. Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements: Yes Material weaknesses: No.
- B. Noncompliance which is material to the general purpose financial statements: Yes.
- C. Reportable conditions in internal control over major programs: N/A Material weaknesses: N/A.
- D. The type of report issued on compliance for major programs: N/A.
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: N/A.
- F. Major programs: N/A.
- G. Dollar threshold used to distinguish between Type A and Type B programs: N/A.
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: N/A.
- I. A management letter was issued: Yes.

ORLEANS INDIGENT DEFENDER PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

2. **FINANCIAL STATEMENT FINDINGS**

99-1 - **Budget Adoption**

Condition

We noted during our 1999 audit that **OIDP** did not adopt its 1999 budget prior to the beginning of the 1999 fiscal year.

Criteria

According to Louisiana Revised Statute, Section 39:1308(A), **OIDP** must adopt the budget for an ensuing fiscal year prior to the end of the fiscal year in progress.

Effect

OIDP is not in noncompliance with the State Statute relating to budget adoption.

Cause

This condition resulted due to an oversight by the Board.

Recommendation

We recommend that **OIDP** review its budget procedures to ensure that budgets are timely adopted in accordance with State statutes.

Management's Response

Although the 1999 and 2000 year budgets were not adopted timely as required by State law, **OIDP** will update budget procedures to require the Board to hold budget meetings in early November, 2000 for the subsequent adoption of the 2001 fiscal year budget.

ORLEANS INDIGENT DEFENDER PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

2. **FINANCIAL STATEMENT FINDINGS, CONTINUED**

99-2 - **Budget Amendment**

Condition

We noted during our audit that total actual revenues failed to meet total budgeted revenues by 12%.

Criteria

Louisiana Revised Statute, Section 39:1310, requires the chief executive or administrative officer of a political subdivision to notify the governing authority in writing and amend its budget when actual revenues fails to meet budgeted revenues by 5% or more.

Effect

OIDP is not in compliance with the State statute relating to budget amendment.

Cause

This condition was the result of **OIDP** not monitoring the budget for amendments required by State law.

Recommendation

We recommend that **OIDP** monitors its budget on a regular basis to ensure that actual revenues, expenditures and beginning fund balance budget variances are always within the legal limits for budgeting controls.

ORLEANS INDIGENT DEFENDER PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

2. FINANCIAL STATEMENT FINDINGS, CONTINUED

99-2 - Budget Amendment, Continued

Management's Response

The management and Board of Directors of **OIDP** concurs with the Auditors finding and recommendation and has begin to implement procedures that would require **OIDP** to closely monitor budget and actual totals on a timely basis. Any variances of budget and actual amounts will be amended as required by State budgeting laws.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

ORLEANS INDIGENT DEFENDER PROGRAM
SCHEDULE OF PRIOR YEAR FINDINGS

Section I - Internal Control and Compliance Material to the Financial Statements

98-1 **Budget Adoption**

Recommendation

We recommended that **OIDP** review its budget procedures to ensure that budgets are timely adopted in accordance with State statutes.

Current Status

Unresolved. See current finding 99-1.

Section II - Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III - Management Letter

97-1 **Bail Bond Revenue**

We recommended that the management of **OIDP** discuss with the judicial court system the process for determining the amount of bail bond revenue earned by **OIDP**. **OIDP** should require that the judicial court system provide support for **OIDP**'s distribution of earned bail bond revenue similar to the present procedures established for collecting traffic, municipal and juvenile court revenues.

Current Status

Resolved.

ORLEANS INDIGENT DEFENDER PROGRAM
SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED

Section III - Management Letter, Continued

97-3 Year 2000 Problem

We recommended that **OIDP** begin to take immediate steps to identify, modify, and test all systems that may be impacted by the year 2000 issue.

Current Status

Resolved.

98-1 Investment of Excess Cash

We recommended that **OIDP** review its cash management procedures to ensure that **OIDP** maximizes its earnings on excess cash through short-term investments as allowed by state law. **OIDP** should consider various types of investments of excess cash, i.e., short-term certificates of deposit, money market account, sweep account, etc.

Current Status

Resolved.

**ORLEANS INDIGENT DEFENDER PROGRAM
EXIT CONFERENCE**

An exit conference was held on Wednesday, June 28, 2000 and those in attendance were as follows:

ORLEANS INDIGENT DEFENDER PROGRAM

Mr. Frank DeSalvo -- Board Chairman

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alcide J. Tervalon, Jr., CPA -- Partner

Mr. Lawrence Jones, CPA -- Manager

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Board of Directors of the
Orleans Indigent Defender Program
New Orleans, Louisiana

We have audited the financial statements of **Orleans Indigent Defender Program (OIDP)** for the year ended December 31, 1999 and have issued our report thereon dated May 19, 2000.

In planning and performing our audit of the financial statements of **OIDP** for the year ended December 31, 1999, we considered **OIDP's** internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comment and suggestion regarding this matter. This letter does not affect our report dated May 19, 2000 on the financial statements of **OIDP**.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various **OIDP** personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

99-1 Deficit Spending

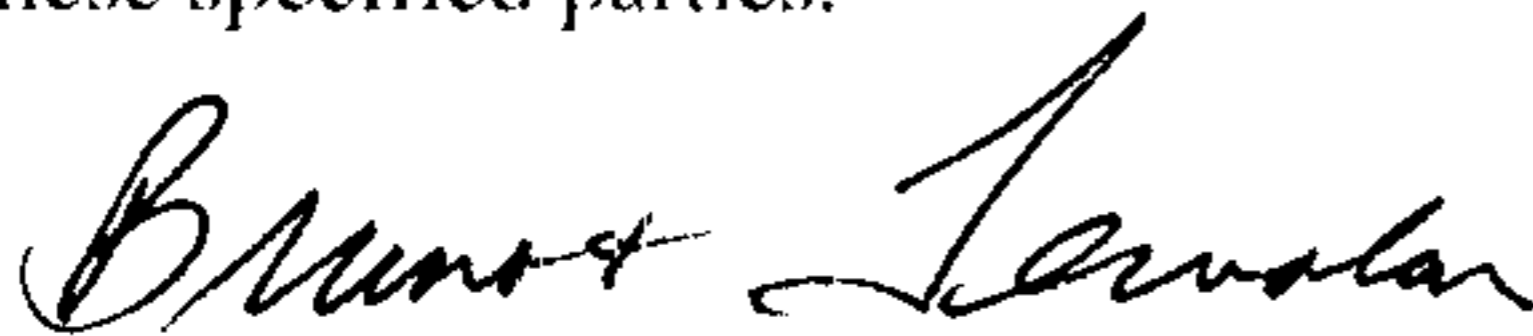
At December 31, 1999, **OIDP** had deficiency of revenues over expenditures totaling \$280,353. Also, total budgeted revenues exceeded total actual revenues by \$278,247 or 12% and total actual expenditures exceeded total budgeted expenditures by \$46,657 or 2%.

We recommend that **OIDP** review its budgetary control procedures to ensure that the budget is monitored on a monthly basis. Also, the budget should be timely amended when budget to actual variances exceed the State statute limit of 5%.

Management's Response

The Board of Directors are currently meeting to discuss the 2000 fiscal year budget. The Board will implement procedures to regularly monitor fiscal year budgets. Based on the Board's monitoring, it will amend current and subsequent years budgets as required by State Law.

This report is intended solely for the use of management and the State of Louisiana, Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

May 5, 1999