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## ORLEANS INDIGENT DEFENDER PROGRAM

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Release Date 7-28-99

### FINANCIAL AND COMPLIANCE AUDIT

### TOGETHER WITH

### INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 1998

# TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT .....	1
COMBINED BALANCE SHEET--GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP .....	3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE--GOVERNMENTAL FUND TYPE-GENERAL FUND .....	4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE--BUDGET AND ACTUAL (GAAP BASIS)-- GOVERNMENTAL FUND TYPE-GENERAL FUND .....	6
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS .....	7
SUPPLEMENTARY INFORMATION: Year 2000 Supplementary Information .....	15
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 .....	16
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 1998 .....	19
SCHEDULE OF PRIOR YEAR FINDINGS .....	21
EXIT CONFERENCE .....	23

## 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, 1998, 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 general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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, 1998, 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 5, 1999, 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.

The accompanying year 2000 supplementary information is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that **OIDP** is or will become year 2000 compliant, that **OIDP's** year 2000 remediation efforts will be successful in whole or in part, or that parties with which **OIDP** does business are or will become year 2000 compliant.



**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

May 5, 1999

**ORLEANS INDIGENT DEFENDER PROGRAM**  
**COMBINED BALANCE SHEET -**  
**GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP**  
**DECEMBER 31, 1998**

	GOVERNMENTAL FUND TYPE	ACCOUNT GROUP	TOTAL
	GENERAL FUND	GENERAL FIXED ASSETS	(MEMORANDUM ONLY-NOTE 1)
<u>ASSETS</u>			
Cash and cash equivalents (NOTE 2)	\$ 689,737	\$ -0-	\$689,737
Court costs on fines and forfeitures receivable	378,748	-0-	378,748
Office equipment and furnishings (NOTE 3)	-0-	148,092	148,092
Prepaid expenses	<u>51,581</u>	<u>-0-</u>	<u>51,581</u>
Total assets	<u>\$1,120,066</u>	<u>\$148,092</u>	<u>\$1,268,158</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	\$ 9,325	\$ -0-	\$ 9,325
Accrued expenses	<u>59,391</u>	<u>-0-</u>	<u>59,391</u>
Total liabilities	<u>68,716</u>	<u>-0-</u>	<u>68,716</u>
Fund equity:			
Investment in fixed assets	-0-	148,092	148,092
Fund balance-unreserved/undesignated	<u>1,051,350</u>	<u>-0-</u>	<u>1,051,350</u>
Total fund equity	<u>1,051,350</u>	<u>148,092</u>	<u>1,199,442</u>
Total liabilities and fund equity	<u>\$1,120,066</u>	<u>\$148,092</u>	<u>\$1,268,158</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, 1998**

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Revenues:

Court costs on fines and forfeitures	\$1,134,949
Probation assessments	79,672
Attorney fees	25,518
Interest	8,300
State Board funds (NOTE 6)	1,088,001
Bond funds	<u>147,373</u>
 Total revenues	 <u>2,483,813</u>

Expenditures:

Salaries and related benefits	1,883,130
Travel and education	6,184
Material and supplies	11,161
Office expenditures	38,298
Audit and accounting	5,100
Insurance	59,807
Capital outlays	4,921
Law books and pamphlets	10,489
Witness expense	68,226
Miscellaneous	1,408
Legal expense	<u>2,141</u>
 Total expenditures	 <u>2,090,865</u>

Excess of revenues over expenditures	392,948
 Fund balance at beginning of year	 <u>658,402</u>
 Fund balance at end of year	 <u>\$1,051,350</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, 1998**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
<b>Revenues:</b>			
Court costs on fines and forfeitures	\$1,348,737	\$1,134,949	\$(213,788)
Probation assessments	35,000	79,672	44,672
Attorney fees	35,000	25,518	(9,482)
Interest	10,000	8,300	(1,700)
State Board funds	732,381	1,088,001	355,620
Bond funds	<u>30,000</u>	<u>147,373</u>	<u>117,373</u>
Total revenues	<u>2,191,118</u>	<u>2,483,813</u>	<u>292,695</u>
<b>Expenditures:</b>			
<b>Salaries and related benefits:</b>			
Salaries	1,653,239	1,643,341	9,898
Payroll taxes	128,473	123,590	4,883
Employee insurance	140,600	116,199	24,401
Travel and education	6,500	6,184	316
<b>Material and supplies:</b>			
Office supplies	8,000	7,212	788
Paper - copy machine	3,000	2,118	882
Printed forms	2,000	1,831	169
<b>Office expenditures:</b>			
Computer expense	12,000	8,501	3,499
Dues	3,000	150	2,850
Copy machine lease and maintenance	8,000	6,374	1,626
Telephone	12,000	13,966	(1,966)
Postage	2,000	1,084	916
Parking expense	<u>5,500</u>	<u>5,425</u>	<u>75</u>
Sub-total	1,984,312	1,935,975	48,337

(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, 1998**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
Expenditures, Continued:			
Office expenditures, Continued:			
Coffee supplies	\$ 600	\$ 588	\$ 12
Bottled water	355	334	21
Transcript and fees	600	98	502
Beeper service	1,000	1,178	(178)
Storage space/rental	-0-	600	(600)
Audit and accounting	6,000	5,100	900
Legal notice	100	-0-	100
Insurance	69,552	59,807	9,745
Contractual services	11,000	-0-	11,000
Capital outlays	6,000	4,921	1,079
Law books and pamphlets	5,600	10,489	(4,889)
Witness expense	30,000	68,226	(38,226)
Miscellaneous	1,350	1,408	(58)
Legal expense	<u>-0-</u>	<u>2,141</u>	<u>(2,141)</u>
Total expenditures	<u>2,116,469</u>	<u>2,090,865</u>	<u>25,604</u>
Excess of revenues over expenditures	74,649	392,948	<u>\$318,299</u>
Fund balance at beginning of year	<u>658,402</u>	<u>658,402</u>	
Fund balance at end of year	<u>\$ 733,051</u>	<u>\$1,051,350</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**

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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**

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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 **OIDD** 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**

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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**

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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, 1998, 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**

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NOTE 2 - Cash and Cash Equivalents:

**OIDP** had cash and cash equivalents totaling \$689,737 (book balances) at December 31, 1998, as follows:

Demand deposits	\$673,842
Time deposits:	
Savings account	<u>15,895</u>
Total	<u>\$689,737</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, 1998, **OIDP** has \$709,515 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$885,328 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**

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**NOTE 3 - Changes in General Fixed Assets:**

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

Balance, January 1, 1998	\$143,171
Additions	<u>4,921</u>
Balance, December 31, 1998	<u>\$148,092</u>

**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 \$6,045.

**NOTE 6 - District Assistance Fund Grant:**

During the 1998 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**

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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.

**SUPPLEMENTARY INFORMATION**

**ORLEANS INDIGENT DEFENDER PROGRAM  
YEAR 2000 SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 1998**

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**OIDP** recognizes the potential implications of the year 2000 (Y2K) issues on systems that may contain date-related transactions, data, embedded chips, etc. **OIDP** has assessed the impact of the Y2K issue on its operations and has renovated or replaced, as necessary, the computer applications and business processes to provide for continued services in the new millennium. An assessment of the preparedness of external entities that interface with **OIDP** is also ongoing.

The costs of **OIDP's** Y2K compliance efforts are expensed as incurred and are being funded with cash flows from operations. At this time, the costs of these efforts are not expected to be material to **OIDP's** financial position or the results of its operations in any given period.

Time and cost estimates are based on currently available information. Actual results could differ from those estimated.

See Independent Auditors' Report.



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

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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, 1998, and have issued our report thereon dated May 5, 1999. 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 an instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the accompanying Schedule of Findings and Questioned Costs as Item 98-1.

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

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(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 condition is described in the accompanying Schedule of Findings and Questioned Costs as Item 98-1.

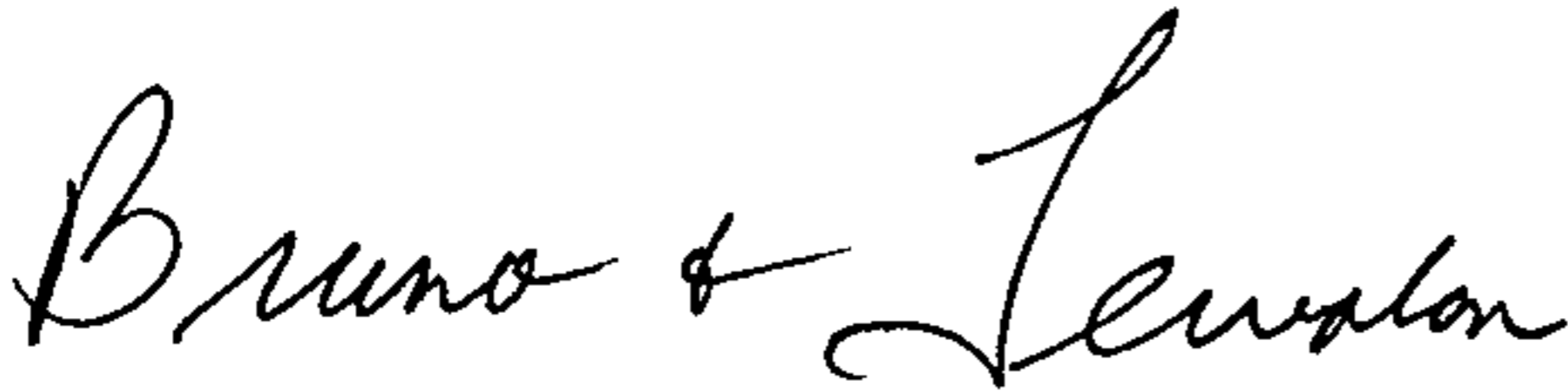
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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 condition described above is 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

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(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 5, 1999

**ORLEANS INDIGENT DEFENDER PROGRAM**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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We have audited the general purpose financial statements of **Orleans Indigent Defender Program** as of and for the year ended December 31, 1998, and have issued our report thereon dated May 5, 1999. 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, 1998 resulted in an unqualified opinion.

**1. 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, 1998**

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**2. Financial Statement Findings**

**Finding 98-1**

Condition

We noted during our 1998 audit that **OIDP** did not adopt its 1998 budget prior to the beginning of the 1998 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

The Board did properly adopt the 1999 budget prior to the 1998 year end as required. The Board members have been made aware of this oversight for the 1998 budget and have instituted procedures to prevent the recurrence in the future.

**3. Federal Award Findings and Questioned Costs**

Not applicable.



**ORLEANS INDIGENT DEFENDER PROGRAM  
SCHEDULE OF PRIOR YEAR FINDINGS**

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

No findings were reported.

**Section II - Internal Control and Compliance Material to Federal Awards**

Not applicable.

**Section III - Management Letter**

**97-1 Bail Bond Revenue**

**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

Unresolved. See the prior year comments section of the management letter, dated May 5, 1999.

**97-2 Cash Collections of Condition of Probation Revenues**

We recommended that **OIDP** continue to require that the Judicial Administrator send Condition of Probation Revenues only in checks and that **OIDP** follow its cash collection procedures currently in place.

Current Status

Resolved.

**ORLEANS INDIGENT DEFENDER PROGRAM  
SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED**

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**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**

Partially resolved. See the prior year comments section of the management letter, dated May 5, 1999.

**ORLEANS INDIGENT DEFENDER PROGRAM  
EXIT CONFERENCE**

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An exit conference was held on June 24, 1999 and those in attendance were as follows:

**ORLEANS INDIGENT DEFENDER PROGRAM**

Mr. Frank DeSalvo -- Board Chairman

Mr. Numa V. Bertel, Jr. -- Director

**BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS**

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

Mr. Lawrence Jones, CPA -- Audit Supervisor

09 00 120 AM : 24

**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, 1998 and have issued our report thereon dated May 5, 1999.

In planning and performing our audit of the financial statements of **OIDP** for the year ended December 31, 1998, 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 several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated May 5, 1999 on the financial statements of **OIDP**.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various **OIDP** personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

**ORLEANS INDIGENT DEFENDER PROGRAM  
CURRENT YEAR COMMENTS**

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**98-1 Investment of Excess Cash**

We noted during our 1998 audit that **OIDP** maintained excess amounts of cash in its non interest-bearing operating account.

We recommend 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.

**Management's Response**

The management of **OIDP** is in the process of investing excess cash into short-term certificates of deposit and a sweep account. Cash balances will be monitored periodically to ensure that excess cash is sufficiently invested.



**ORLEANS INDIGENT DEFENDER PROGRAM  
STATUS OF PRIOR YEAR COMMENTS**

---

**97-1 BAIL BOND REVENUE**

We noted during the 1997 audit that a mechanism has not been established to ensure that bail bond revenues have been completely received from the judicial court system.

We recommend 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

During the 1998 audit, we noted that **OIDP** is still not receiving support for bail bond revenue received from the judicial court system.

Management's Response

During the 1999 fiscal year, the Judicial Administrative office has been instructed to provide support for bail bond revenue distributed to **OIDP**.

**ORLEANS INDIGENT DEFENDER PROGRAM  
STATUS OF PRIOR YEAR COMMENTS, CONTINUED**

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**97-2 CASH COLLECTIONS OF CONDITION OF PROBATION REVENUES**

We noted during the 1997 fiscal year that **OIDP** lost over eight hundred dollars (\$800) in currency in cash collections of Condition of Probation Revenues. The procedures at the time of the loss were for the accounting clerk to verify cash in both currency and checks by recounting it, sign a verification document, and walk the cash collections back to **OIDP's** accounting office. The cash was lost at some point between leaving the Judicial Administrator's office and returning to **OIDP's** office.

Currently, procedures for the collection of Condition of Probation Revenues have changed whereby the Judicial Administrator sends a check for the revenue collected to **OIDP** along with supporting documentation.

We recommend that **OIDP** continue to require that the Judicial Administrator send Condition of Probation Revenues only in checks and that **OIDP** follow its cash collection procedures currently in place.

Current Status

Resolved.

**ORLEANS INDIGENT DEFENDER PROGRAM  
STATUS OF PRIOR YEAR COMMENTS, CONTINUED**

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**97-3 YEAR 2000 PROBLEM**

We understand that you have upgraded your accounting software to handle the year 2000 date-based processing problem; however, other software currently being used for operations should be evaluated for potential year 2000 problems. We suggest that **OIDP** inquire of its various software providers if any year 2000 problems exist. Assurances from software providers should be obtained in writing. Should additional software be needed to correct any possible problems, **OIDP** should provide for the necessary time and resources to adequately remedy the situation.

Current Status

**OIDP** has renovated or replaced systems necessary to operate in year 2000. However, the outcome of **OIDP's** year 2000 compliance efforts would not be determinable until the year 2000.

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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

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

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**Orleans Indigent Defender Program**  
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**ORLEANS INDIGENT DEFENDER PROGRAM  
CURRENT YEAR COMMENTS**

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**ORLEANS INDIGENT DEFENDER PROGRAM  
STATUS OF PRIOR YEAR COMMENTS**

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**ORLEANS INDIGENT DEFENDER PROGRAM  
STATUS OF PRIOR YEAR COMMENTS, CONTINUED**

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**ORLEANS INDIGENT DEFENDER PROGRAM  
STATUS OF PRIOR YEAR COMMENTS, CONTINUED**

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**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

May 5, 1999