

*Financial Report*

*The Capital Appeals Project*  
*New Orleans, Louisiana*

*June 30, 2024*

CAPITAL APPEALS PROJECT

A Non-Profit Law Office

*Financial Report*

***The Capital Appeals Project***  
***New Orleans, Louisiana***

***June 30, 2024***

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June 30, 2024

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## **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors,  
The Capital Appeals Project,  
New Orleans, Louisiana.

### **Opinion**

We have audited the accompanying financial statements of The Capital Appeals Project (the "Organization"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **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 opinion. 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 Organization'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, which raise substantial doubt about the Organization'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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information in Schedule 1 and 2 is presented for purposes of additional analysis, as required by Louisiana Revised Statute 24:513(A)(3) and Louisiana Revised Statute 24:523 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in Schedule 1 and Schedule 2 is fairly stated, in all material respects, in relation to the 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 April 10, 2025 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is 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 Organization'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 Organization's internal control over financial reporting and compliance.

## **Report on 2023 Financial Statements**

The financial statements of the Organization as of and for the year ended June 30, 2023, were audited by other auditors whose report dated March 29, 2024, expressed an unmodified opinion on those financial statements.



Certified Public Accountants.

New Orleans, Louisiana,  
April 10, 2025.



**STATEMENTS OF FINANCIAL POSITION****The Capital Appeals Project**

New Orleans, Louisiana

For the years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Current Assets</b>		
Cash	\$ 134,215	\$ 38,626
Restricted cash	<u>68,427</u>	<u>105,004</u>
Total cash	<u>202,642</u>	<u>143,630</u>
<b>Property and Equipment</b>		
Computers and equipment	4,876	4,876
Furniture and fixtures	6,958	6,958
Less: accumulated depreciation	<u>(11,834)</u>	<u>(11,671)</u>
Total property and equipment, net	<u>-</u>	<u>163</u>
Total assets	<u><u>\$ 202,642</u></u>	<u><u>\$ 143,793</u></u>
<b>Current Liabilities</b>		
Accounts payable	\$ 32,866	\$ 8,877
Accrued 401(k) payable	<u>43,396</u>	<u>22,870</u>
Total current liabilities	<u>76,262</u>	<u>31,747</u>
<b>Net Assets</b>		
Without donor restrictions	126,380	73,521
With donor restrictions	<u>-</u>	<u>38,525</u>
Total net assets	<u>126,380</u>	<u>112,046</u>
Total liabilities and net assets	<u><u>\$ 202,642</u></u>	<u><u>\$ 143,793</u></u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES****The Capital Appeals Project**

New Orleans, Louisiana

For the year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Support and Other Revenues:</b>			
Grant revenue	\$ 1,286,150	\$ 32,806	\$ 1,318,956
Other income	21	-	21
Net assets released from restrictions	71,331	(71,331)	-
Total support and other revenues	1,357,502	(38,525)	1,318,977
<b>Expenses:</b>			
Program services	1,262,530	-	1,262,530
Supporting services:			
Management and general	42,113	-	42,113
Total expenses	1,304,643	-	1,304,643
Change in net assets	52,859	(38,525)	14,334
Net assets, beginning of year	73,521	38,525	112,046
Net assets, end of year	\$ 126,380	\$ -	\$ 126,380

See notes to financial statements.

**STATEMENT OF ACTIVITIES****The Capital Appeals Project**

New Orleans, Louisiana

For the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Support and Other Revenues:</b>			
Grant revenue	\$ 1,176,639	\$ 11,192	\$ 1,187,831
Expert fee reimbursements	7,937	-	7,937
Net assets released from restrictions	12,500	(12,500)	-
Total support and other revenues	1,197,076	(1,308)	1,195,768
<b>Expenses:</b>			
Program services	1,266,826	-	1,266,826
Supporting services:			
Management and general	44,887	-	44,887
Total expenses	1,311,713	-	1,311,713
Change in net assets	(114,637)	(1,308)	(115,945)
Net assets, beginning of year, restated	188,158	39,833	227,991
Net assets, end of year	\$ 73,521	\$ 38,525	\$ 112,046

See notes to financial statements.

**STATEMENT OF FUNCTIONAL EXPENSES****The Capital Appeals Project**

New Orleans, Louisiana

For the year ended June 30, 2024

	Program Services	Supporting Services	Totals
Salaries and wages	\$ 705,078	\$ 7,122	\$ 712,200
Payroll taxes and employee benefits	193,171	1,951	195,122
Total salaries and related expenses	898,249	9,073	907,322
Administration	5,633	2,774	8,407
Continuing education	2,964	-	2,964
Depreciation	155	8	163
Dues and subscriptions	859	-	859
Expert fees	43,314	-	43,314
Fellowship awards	-	12,000	12,000
Insurance	7,689	6,040	13,729
Miscellaneous	20,179	4,841	25,020
Postage	612	-	612
Professional fees	104,186	-	104,186
Rent expense	138,266	7,277	145,543
Telephone	1,900	100	2,000
Travel	38,524	-	38,524
Total functional expenses	<u>\$ 1,262,530</u>	<u>\$ 42,113</u>	<u>\$ 1,304,643</u>

See notes to financial statements.

**STATEMENT OF FUNCTIONAL EXPENSES****The Capital Appeals Project**

New Orleans, Louisiana

For the year ended June 30, 2023

	Program Services	Supporting Services	Totals
Salaries and wages	\$ 707,568	\$ 7,147	\$ 714,715
Payroll taxes and employee benefits	215,726	2,179	217,905
Total salaries and related expenses	923,294	9,326	932,620
Administration	9,950	4,900	14,850
Continuing education	19,714	-	19,714
Depreciation	926	49	975
Dues and subscriptions	13,070	-	13,070
Fellowship awards	-	12,500	12,500
Insurance	8,350	6,560	14,910
Miscellaneous	17,733	4,160	21,893
Office supplies	2,848	88	2,936
Postage	660	-	660
Professional fees	92,964	-	92,964
Rent expense	132,995	7,000	139,995
Telephone	5,778	304	6,082
Travel	38,544	-	38,544
Total functional expenses	<u>\$ 1,266,826</u>	<u>\$ 44,887</u>	<u>\$ 1,311,713</u>

See notes to financial statements.

**STATEMENTS OF CASH FLOWS****The Capital Appeals Project**

New Orleans, Louisiana

For the years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 14,334	\$ (115,945)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	163	975
Increase (decrease) in liabilities:		
Accounts payable	23,989	(54,502)
Accrued 401(k) payable	<u>20,526</u>	<u>22,870</u>
Net cash provided by (used in) operating activities	<u>59,012</u>	<u>(146,602)</u>
<b>Net Increase (Decrease) in Cash</b>	59,012	(146,602)
<b>Cash</b>		
Beginning of year	<u>143,630</u>	<u>290,232</u>
End of year	<u><u>\$ 202,642</u></u>	<u><u>\$ 143,630</u></u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****The Capital Appeals Project**

New Orleans, Louisiana

June 30, 2024 and 2023

**Note 1 - NATURE OF OPERATIONS**

The Capital Appeals Project (the "Organization") is a non-profit law office founded in 2001 to provide high-quality representation to death penalty cases throughout Louisiana. The Organization represents capital defendants on direct appeal to the Louisiana Supreme Court and on *certiorari* to the United States Supreme Court. Furthermore, the staff provides support and resources to public defenders and criminal defense lawyers across the state.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed by the Organization are summarized as follows:

**a. Basis of Accounting**

The financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America on the accrual basis of accounting.

**b. Financial Statement Presentation**

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets without Donor Restrictions** - Support, revenue, and expenses for general operations of the Organization.

**Net Assets with Donor Restrictions** - Contributions and grants specifically authorized by the donor or grantor to be used for a certain purpose or to benefit a specific accounting period or contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the Organization. There were no net assets with donor restrictions as of June 30, 2024.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. Use of 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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**d. Cash and Cash Equivalents**

The Organization classifies as cash and cash equivalents all highly liquid debt instruments with an initial maturity of three months or less.

**e. Restricted Cash**

Pursuant to the terms of a contract agreement with the Louisiana Public Defender Board (LPDB), funds received under that contract must be maintained in a segregated bank account. The balance in this account was \$68,427 and \$105,004 at June 30, 2024 and 2023, respectively.

**f. Accounts Receivable and Allowance for Credit Losses**

Management closely monitors outstanding receivable and estimates credit losses associated with accounts receivable using an expected credit loss model, which utilizes an aging schedule methodology based on historical information and adjusted for asset-specific considerations, current economic conditions, and reasonable and supportable forecasts. Balances that are determined to be uncollectible are written off. There were no receivables as of June 30, 2024 and 2023. Accordingly, no provision for credit losses is considered necessary.

**g. Property and Equipment**

Property and equipment are carried at cost. Depreciation of property is provided over the estimated useful lives of the assets using the straight-line method. Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the assets carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The estimated useful lives of depreciable assets are:

Computers and equipment	5 to 7 years
Furniture and fixtures	7 years



**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h. Revenue Recognition**

Contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Contributions with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, in the reporting period in which the revenue is recognized.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**i. Grants**

The Organization has contracts with grantors for the performance of various services, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Grant revenues are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under FASB Accounting Standards Codification Topic 958, (ASC 958), “*Not-for-Profit Entities*”. Grants are evaluated for funding that is conditional. The Organization recognizes revenue as expenses are incurred, to a maximum of the grant award.

**j. Functional Allocation of Expenses**

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Payroll related costs are allocated based on time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k. Tax Matters**

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization's evaluation as of June 30, 2024 and 2023 revealed no tax positions that would have a material impact on the financial statements. As of June 30, 2024, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2021 and later remain subject to examination by the IRS.

**l. Prior Period Adjustments**

During 2022, the Organization did not record \$33,333 in restricted revenues nor did it account for the effect of \$27,701 in outstanding checks from 2021 that needed to be written off. Additionally, \$6,500 in restricted grant funds were presented as net assets without restrictions. The effect of these adjustments was an increase of \$61,034 in cash and net assets as of July 1, 2022.

**m. Recently Issued Accounting Standards**

**Measurement of Credit Losses**

In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments - Credit Losses*" (Topic 326). The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU.

The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to-maturity securities and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. For available-for-sale securities where fair value is less than cost, credit-related impairment, if any, is recognized through an allowance for credit losses and adjusted each period for changes in credit risk. The ASU was adopted for the year ended June 30, 2024, and its adoption did not have a material impact on the financial statements.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n. Reclassifications**

Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 financial statement presentation.

**o. Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through April 10, 2025, which is the date the financial statements were available to be issued.

**Note 3 - CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash balances in one financial institution. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2024 and 2023, cash balances did not exceed federally insured limits. To date, the Organization has not experienced losses in any of these amounts.

Approximately 82% and 99% of revenue is derived from LPDB for the years ended June 30, 2024 and 2023, respectively.

**Note 4 - PROPERTY AND EQUIPMENT**

As of June 30, 2024 and 2023, property and equipment consists of the following:

	<u>2024</u>	<u>2023</u>
Furniture and fixtures	\$ 6,958	\$ 6,958
Computer equipment	4,876	4,876
Less accumulated depreciation	<u>(11,834)</u>	<u>(11,671)</u>
Net property and equipment	<u>\$ -</u>	<u>\$ 163</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$163 and \$975, respectively.

**Note 5 - OPERATING LEASE**

The Organization entered a non-cancelable lease to rent office space through June 30, 2024. Beginning July 1, 2023, the Organization agreed to pay \$12,129 per month for base rent and the Organization will share utility costs at an agreed upon annual administrative split. The lease terminated during the year.

Rent and other operating expenses through the course of business paid to The Promise of Justice Initiative totaled approximately \$145,543 and \$208,875 for the years ended June 30, 2024 and 2023, respectively.

**Note 6 - NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2024 and 2023, net assets with donor restrictions are available for the Organization's fellowship programs and can expire with the passage of time or fulfilled or removed by actions of the Organization pursuant to donor imposed stipulations.

Net assets with donor restrictions as of June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specific purpose:		
Fellowship	\$ -	\$38,525
 Total net assets with donor restrictions	 <u>\$ -</u>	 <u>\$38,525</u>

Net assets released from restrictions during the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Purpose restrictions satisfied:		
Fellowships	\$50,525	\$12,500
Filing of clemency petitions	<u>20,806</u>	<u>-</u>
 Total net assets with donor restrictions released	 <u>\$71,331</u>	 <u>\$12,500</u>

**Note 7 - EMPLOYEE BENEFIT PLAN**

The Organization provides benefits and insurance to all full-time employees. The Organization pays 100% of all insurance premiums for employees, employee's dependents, and/or employee's spouse. After six months of employment, full-time employees are eligible to participate in its 401(k) plan. The plan provides for employer contributions of 5% of an employee's salary. Employer contributions of the year ended June 30, 2024 and 2023, were \$27,711 and \$24,725, respectively.

**Note 8 - CONTINGENCY**

The Organization receives a significant amount of funding from the State of Louisiana and grantor agencies, which are governed by rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grant, funds received might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules

**Note 8 - CONTINGENCY (Continued)**

and regulations governing state grants, therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Organization.

**Note 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization is substantially supported by grants on an unrestricted and restricted basis. Because a grantor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its grantors. Thus, financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, management established a policy to structure its financial assets to be available as its general expenditure, liabilities, and other obligations become due.

As of June 30, 2024 and 2023, the Organization has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of the following:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash	\$202,642	\$143,630
Less amounts unavailable for general expenditures within one year, due to:		
Grantor and donor imposed restrictions:		
Restricted by grantors and donors with purpose restriction	<u>-</u>	<u>(38,525)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$202,642</u>	<u>\$105,105</u>

**Note 10 - SUBSEQUENT EVENT**

As of July 1, 2024, the Louisiana Public Defender Board no longer contracts with the Organization. The Office of the State Public Defender now contracts with Loyola University for the same services. Some of the former staff of the Organization are now employed by Loyola University, including the Organization's Executive Director.

## **SUPPLEMENTARY INFORMATION SECTION**

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**The Capital Appeals Project**  
New Orleans, Louisiana

For the year ended June 30, 2024

**Agency Head Name: Cecelia Kappel, Executive Director**

**Purpose**

Salary	\$110,000
Benefits - insurance	19,872
Benefits - retirement	5,500
Benefits - other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
License renewal fee	0
Housing	0
Unvouchered expenses	0
Membership dues	435
Software subscriptions	0
Special meals	0
	<hr/>
	<b>\$135,807</b>

**SCHEDULE OF FRAUD AND MISAPPROPRIATIONS****The Capital Appeals Project  
New Orleans, Louisiana**

For the year ended June 30, 2024

**Element of Finding and Response**

- 1) A general statement describing the fraud or misappropriation that occurred.

An employee wrote checks to herself and cashed them.

- 2) A description of the funds or assets that were the subject of the fraud or misappropriation.

Cash

- 3) The amount of funds or approximate value of assets involved.

\$4,638.73

- 4) The department or office in which the fraud or misappropriation occurred.

Capital Appeals Project

- 5) The period of time over which the fraud or misappropriation occurred.

2022 - 2024

- 6) The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.

An employee

- 7) The name of the person who committed or is believed to have committed the act of fraud or misappropriation if formal charges have been brought against the person and/or the matter has been adjudicated.

An employee

- 8) Is the person who committed or is believed to have committed the act of fraud still employed by the agency?

No



- 9) If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?

N/A - No longer employed.

- 10) Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?

Yes

- 11) What is the status of the investigation at the date of the auditor's/accountant's report?

Report referred to New Orleans Police Department.

- 12) If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?

No - Charges were not filed.

- 13) What is the status of any related adjudication at the date of the auditor's/accountant's report?

N/A

- 14) Has restitution been made or has an insurance claim been filed?

Partial restitution, an employee returned \$400.

- 15) Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523?

Yes

- 16) Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?

No

- 17) If the answer to the last question is "no", describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.

Authorized check signers were not reviewing supporting documentation/invoices when presented with a check to sign.

- 18) Management's plan to ensure that the fraud or misappropriation does not occur in the future.

Two check signers are now required, including the Executive Director.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

**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**

To the Board of Directors,  
The Capital Appeals Project,  
New Orleans, Louisiana.

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 Capital Appeals Project (the “Organization”), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 10, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing 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 Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a

material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items (2024-001 to 2024-003) to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items (2024-001 to 2024-003) to be significant deficiencies.

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

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items (2024-001 to 2024-004).

## **The Capital Appeals Project's Response to Findings**

The Organization's responses to the findings identified in our audit are described in management's corrective action plan on pages 27-28. The Organization's responses were not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **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.



Certified Public Accountants.

New Orleans, Louisiana,  
April 10, 2025.

## **SCHEDULE OF FINDINGS AND RESPONSES**

### **The Capital Appeals Project New Orleans, Louisiana**

For the year ended June 30, 2024

#### **Section I - Summary of Auditor's Results**

##### **a) Financial Statements**

Type of auditor's report issued: unmodified.

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes      No
- Significant deficiency(ies) identified that are  
not considered to be a material weakness?   X   Yes      No

Noncompliance material to financial statements  
noted?   X   Yes      No

##### **b) Federal Awards**

The Organization did not expend more \$750,000 in Federal awards during the year ended June 30, 2024, and therefore, is exempt from the audit requirements under the *Uniform Guidance*.

#### **Section II - Financial Statement Findings**

##### **Internal Control Over Financial Reporting**

###### **2024-001 Improper Bank Reconciliation Procedures**

**Condition** - The Organization did not reconcile cash accounts timely and they were not reviewed by a member of management or board member.

**Effect** - The Organization discovered fraud during the year by an employee (see Schedule 2).

## Section II - Financial Statement Findings (Continued)

### Internal Control Over Financial Reporting (Continued)

#### 2024-001 Improper Bank Reconciliation Procedures (Continued)

**Cause** - The Organization did not perform timely bank reconciliation procedures on bank accounts and the bank reconciliations were not reviewed by management or board member.

**Recommendation** - The Organization should perform monthly bank reconciliations on a timely basis. The Executive Director or board member should review bank statements and bank reconciliations on a monthly basis and should sign and date as to evidence of the review.

**View of responsible officials of the auditee when there is a disagreement with the findings, to the extent practical.** - None

#### 2024-002 Improper 401(k) Plan Management

**Condition** - Employer 401(k) matching contributions were erroneously not paid and not recorded during the fiscal year end.

**Effect** - Payroll benefits and payables were understated. The Organization's employees did not receive full benefits.

**Cause** - There was turnover of personnel during the year.

**Recommendation** - The Organization should monitor the payment and recording of 401(k) matching contributions to ensure they are paid timely and properly recorded. The Organization should consult with an ERISA attorney to determine liability for missing contributions, interest, and penalties.

**View of responsible officials of the auditee when there is a disagreement with the findings, to the extent practical.** - None

#### 2024-003 Improper Revenue/Expense Recognition

**Condition** - The Organization recorded grant expenses against grant revenue. Generally Accepted Accounting Principles (GAAP) require revenues and expenses to be presented gross.

**Effect** - Grant revenue and expenses were understated.

## Section II - Financial Statement Findings (Continued)

### Internal Control Over Financial Reporting (Continued)

#### 2024-003 Improper Revenue/Expense Recognition (Continued)

**Cause** - Accounting personnel were unfamiliar with the technical aspects of GAAP as they relate to grant revenue and expenses.

**Recommendation** - The Organization should record grant revenue separately from grant expenses.

**View of responsible officials of the auditee when there is a disagreement with the findings, to the extent practical.** - None

### Compliance and Other Matters

#### 2024-004 Noncompliance with Louisiana Audit Law Reporting Requirements

**Condition** - The Organization is required to provide an annual financial report to the Louisiana Legislative Auditor no later than six months after its year end in accordance with Louisiana Revised Statutes 24:513 and 24:514.

**Effect** - The Organization is not in compliance with Louisiana Revised Statutes 24:513 and 24:514.

**Cause** - The Organization experienced turnover as an employee in the accounting department was terminated and not replaced. Also, there was a change in audit firms during the year.

**Recommendation** - The Organization should put additional policies and procedures in place to ensure that required annual financial reports are filed with the Louisiana Legislative Auditor in a timely manner.

**View of responsible officials of the auditee when there is a disagreement with the findings, to the extent practical.** - None

## Section III - Federal Award Findings and Questioned Costs

The Organization did not expend more \$750,000 in Federal awards during the year ended June 30, 2024.

## **REPORTS BY MANAGEMENT**



## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

### **The Capital Appeals Project New Orleans, Louisiana**

For the year ended June 30, 2024

#### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

##### **Internal Control Over Financial Reporting**

###### **2023-001 Improper Bank Reconciliation Procedures**

**Recommendation** - The Organization should perform bank reconciliation each month. The Organization should record all activity relating to the Organization, despite the disaggregation of cash accounts.

**Management's Response/Correction Action - Unresolved - See 2024-001.** The Organization will properly perform bank reconciliations each month. The Organization should record all activity relating to the Organization, despite the disaggregation of cash accounts.

###### **2023-002 Improper 401(k) Plan Management**

**Recommendation** - The Organization should monitor the payment and recording of expenses to ensure expenses are recorded in the fiscal year end when incurred. The Organization should consult with an ERISA attorney to determine liability for missing contributions, interest, and penalties.

**Management's Response/Correction Action - Unresolved - See 2024-002.** The Organization will monitor the payments and properly record expenses within the fiscal year when incurred. The Organization will also consult with an ERISA attorney to determine liability for missing contributions, interest, and penalties.

###### **2023-003 Improper Revenue/Expense Recognition**

**Recommendation** - The Organization recorded grant expense against grant revenue.

**Management's Response/Correction Action - Unresolved. See 2024-003.** The Organization will properly record grant revenue separately from grant expenses.

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters  
Material to the Basic Financial Statements (Continued)**

**Compliance and Other Matters**

**2023-004 Noncompliance with Louisiana Audit Law Reporting Requirements**

**Recommendation** - The Organization should put additional policies and procedures in place to ensure that required annual reports are filed in a timely manner.

**Management's Response/Correction Action - Unresolved. See 2024-004.** The Organization will review and update the policies and procedures to ensure that the required annual reports are filed in a timely manner.

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

The Organization did not expend more \$750,000 in Federal awards during the year ended June 30, 2024.

**Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2023.

# **MANAGEMENT'S CORRECTIVE ACTION PLAN**

## **The Capital Appeals Project New Orleans, Louisiana**

For the year ended June 30, 2024

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

#### **Internal Control Over Financial Reporting**

##### **2024-01 Improper Bank Reconciliation Procedures**

**Recommendation** - The Organization should perform monthly bank reconciliations on a timely basis. The Executive Director or board member should review bank statements and bank reconciliations on a monthly basis and should sign and date as to evidence of the review.

**Management's Response** - The Organization will perform bank reconciliations each month on a timely basis. The Executive Director will review bank statements and reconciliations monthly.

##### **2024-02 Improper 401(k) Plan Management**

**Recommendation** - The Organization should monitor the payment and recording of 401(k) matching contributions to ensure they are paid timely and properly recorded. The Organization should consult with an ERISA attorney to determine liability for missing contributions, interest, and penalties.

**Management's Response** - The Organization will monitor the payment and properly record expenses within the fiscal year when incurred. The Organization will also consult with an ERISA attorney to determine liability for missing contributions, interest, and penalties.

##### **2024-03 Improper Revenue/Expense Recognition**

**Recommendation** - The Organization should record grant revenue separately from grant expenses.

**Management's Response** - The Organization will properly record grant revenue separately from grant expenses.

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters  
Material to the Basic Financial Statements (Continued)**

**Compliance and Other Matters**

**2024-04 Noncompliance with Louisiana Audit Law Reporting Requirements**

**Recommendation** - The Organization should put additional policies and procedures in place to ensure that required annual financial reports are filed with the Louisiana Legislative Auditor in a timely manner.

**Management's Response** - The Organization will review and update the policies and procedures to ensure that the required annual reports are filed with the Louisiana Legislative Auditor in a timely manner.

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

The Organization did not expend more than \$750,000 in Federal awards during the year ended June 30, 2024, and therefore, is exempt from the audit requirements under the *Uniform Guidance*.

**Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2024.

## **STATEWIDE AGREED-UPON PROCEDURES**

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

To the Board of Directors,  
The Capital Appeals Project,  
New Orleans, Louisiana.

We have performed the procedures described in Schedule 3 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period July 1, 2023 through June 30, 2024. The Capital Appeals Project (the "Organization") management is responsible for those C/C areas identified in the SAUPs.

The Organization 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 the LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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 responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 3.

We were engaged by the Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the 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 these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Organization 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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
April 10, 2025.

**SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS**  
**OF THE STATEWIDE AGREED-UPON PROCEDURES**

**The Capital Appeals Project**  
New Orleans, Louisiana

For the year ended June 30, 2024

The required procedures and our findings are as follows:

**1) Procedures Performed on the Organization's Written Policies and Procedures:**

A. Obtain and inspect the Organization's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the Organization's operations:

i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

ii. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Obtained and read the written policy for purchasing and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

iii. **Disbursements**, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or Organization 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).

Performance: Obtained and read the written policy for receipts and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.



**1) Procedures Performed on the Organization's Written Policies and Procedures:**  
**(Continued)**

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.  
Performance: Obtained and read the written policy for payroll and personnel and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.  
Performance: Obtained and read the written policy for contracting and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.  
Performance: Obtained and read the written policy for travel and expense reimbursement and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
- viii. **Credit Cards** (and debit cards, fuel cards, purchase cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).  
Performance: Obtained and read the written policy for credit cards and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the Organization's ethics policy.  
Not applicable for not-for-profits.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.  
Not applicable for not-for-profits.

**1) Procedures Performed on the Organization's Written Policies and Procedures:**  
**(Continued)**

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

Performance: Obtained and read the written policy for information technology disaster recovery/business continuity and discussed the results with management.

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

Not applicable for not-for-profits.

**2) Procedures Performed on the Organization's Board or Finance Committee:**

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:

- i. Observe that the board met with a quorum at least monthly, or on a frequency in accordance with the board/finance committee's enabling legislation, charter, bylaws, or other equivalent document.

Performance: Obtained and read the written minutes of the Board meetings. The Board met with a quorum for all meetings held during the fiscal year.

Exceptions: There were no exceptions noted.

- ii. For those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those funds comprised more than 10% of the entity's collections during the fiscal year.

Performance: Inspected meeting minutes to determine if the minutes included references to financial activity relating to public funds.

Exceptions: There were no exceptions noted.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable for not-for-profits.

**2) Procedures Performed on the Organization's Board or Finance Committee: (Continued)**

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Performance: Inspected meeting minutes to determine if the board/finance committee received written updates of the progress of resolving audit finding(s). There were exceptions noted in the prior year report. These exceptions were discussed during the board meeting when the report was presented.

Exceptions: There were no exceptions noted.

**3) Procedures Performed on the Organization's Bank Reconciliations:**

- A. Obtain a listing of the Organization's bank accounts from management and management's representation that the listing is complete. Ask management to identify the Organization's main operating account. Select the Organization'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:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged); and

Performance: Obtained monthly bank reconciliations for the month of February 2024, for the main operating bank account and one additional account. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: Reconciliations for the two accounts selected were not prepared within 2 months of the related statement closing date.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within one month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

Performance: Examined the Organization's documentation noting evidence of a member of management's review of the February 2024 bank reconciliations for the two bank accounts selected within one month of the date of the reconciliation.

Exceptions: The reconciliations for the 2 accounts selected showed no evidence that they were reviewed by a member of management within one month of the date of the reconciliation was prepared.

**3) Procedures Performed on the Organization's Bank Reconciliations: (Continued)**

- iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Performance: Inspected documents for items outstanding for more than 12 months.

We noted one check outstanding greater than 12 months from the statement closing date. The Organization was able to produce documentation showing research of the outstanding items.

Exceptions: There were no exceptions noted.

**4) Procedures Performed on the Organization's Collections (Excluding Electronic Funds Transfers):**

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (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).

Performance: Obtained the listing of deposit sites from management and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

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

Performance: Obtained the listing of collection locations from management and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

- i. Employees responsible for cash collections do not share cash drawers/registers.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

**4) Procedures Performed on the Organization's Collections (Excluding Electronic Funds Transfers): (Continued)**

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

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Performance: Obtained a copy of the insurance policy for theft and a listing of all employees covered by the policy. The policy was in force during the fiscal period.

Exceptions: There were no exceptions noted.

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

- i. Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for selected deposits. Due to the nature of the deposits, which were single checks, prenumbered cash receipts were not required.

Exceptions: There were no exceptions noted.

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

**4) Procedures Performed on the Organization's Collections (Excluding Electronic Funds Transfers): (Continued)**

iii. Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Traced the deposit slip to the actual deposit per the bank statement.

Exceptions: There were no exceptions noted.

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Performance: Observed that deposits tested were made within one business day of receipt at collection location.

Exceptions: Deposits were not made within one business day of receipt.

v. Trace the actual deposit per the bank statement to the general ledger.

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There were no exceptions noted.

**5) Procedures Performed on the Organization's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases):**

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

Performance: Obtained a listing of locations that process payments for the fiscal period from management and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

B. For each location selected under procedure #5A, 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 Organization has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Performance: Obtained a listing of employees involved in non-payroll purchasing and payment functions and reviewed written policies and procedures related to employee job duties. Observed if the job duties were properly segregated.

Exceptions: There were no exceptions noted.

**5) Procedures Performed on the Organization's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)**

- i. At least 2 employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

Performance: Obtained a listing of employees involved in initiating a purchase request, approving a purchasing, and placing an order/making a purchase.  
Observed that at least 2 employees are involved.

Exceptions: There were no exceptions noted.

- ii. At least 2 employees are involved in processing and approving payments to vendors.

Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least 2 employees are involved.

Exceptions: There were no exceptions noted.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Obtained and examined non-payroll disbursement policy.

Exceptions: It was noted there is no evidence that the person responsible for processing payments does not add/modify vender files.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: Obtained a listing of employees involved with signing and mailing checks and noted proper segregation of duties.

Exceptions: There were no exceptions noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Performance: Obtained and examined the non-payroll disbursement policy.

Exceptions: It was noted there is no evidence that only employees authorized to sign checks are the only employees authorized to approve electronic disbursements.

- C. For each location selected under procedure #5A, obtain the Organization'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:

Performance: Obtained the Organization's non-payroll disbursement transaction population and management's representation that the population is complete.  
Randomly selected 5 disbursements.

Exceptions: There were no exceptions noted.

**5) Procedures Performed on the Organization's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)**

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the Organization.

Performance: Observed that the 5 disbursements matched the related original invoice/billing statements.

Exceptions: There were no exceptions noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

Performance: Observed the 5 disbursements did not include evidence of segregation of duties.

Exceptions: The 5 disbursements did not include evidence of segregation of duties.

- D. Using the Organization's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the Organization's policy, and (b) approved by the required number of authorized signers per the Organization's policy.

Performance: Selected 5 non-payroll-related electronic disbursements. Observed the 5 disbursements did not include evidence of approval by an authorized person and approval by the required number of authorized signers.

Exceptions: It was noted that the 5 disbursements did not include evidence of approval by an authorized person and approval by the required number of authorized signers.

**6) Procedures Performed on the Organization's Credit Cards, Debit Cards, Fuel Cards, Purchase Cards (Cards):**

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

Performance: Obtained a listing of all active credit cards, bank debit cards, fuel cards, and cards from management and management's representation that the listing is complete. Observed all active cards, including the card numbers and the names of the persons who maintain possession of the cards.

Exceptions: There were no exceptions noted.



**6) Procedures Performed on the Organization's Credit Cards, Debit Cards, Fuel Cards, Purchase Cards (Cards): (Continued)**

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

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder; and

Performance: Observed the statements selected and related supporting documentation.

Exceptions: The statements and related supporting documentation were not reviewed and approved, in writing, by someone other than the authorized card holder.

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

Performance: Observed that finance charges and/or late fees were not assessed on the selected statements.

Exceptions: There were no exceptions noted.

C. Using the monthly statements or combined statements selected under procedure #6B, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, report whether the transaction is supported by:

- i. An original itemized receipt that identifies precisely what was purchased.

Performance: Observed that the transactions from the monthly statements were supported by original itemized receipts that identify precisely what was purchased.

Exceptions: There were no exceptions noted.

- ii. Written documentation of the business/public purpose.

Performance: Observed that the transactions from the monthly statements were supported with written documentation of the business/public purpose.

Exceptions: There were no exceptions noted.

**6) Procedures Performed on the Organization's Credit Cards, Debit Cards, Fuel Cards, Purchase Cards (Cards): (Continued)**

- iii. Documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Performance: Observed that selected transactions for meal charges were supported by documentation of the individuals participating in meals.

Exceptions: There were no exceptions noted.

**7) Procedures Performed on the Organization's Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions):**

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Performance: Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period from management and received management's representation in a separate letter that the listing is complete. Obtained the related expense reimbursement form and supporting documentation for the 5 reimbursements selected.

Exceptions: There were no exceptions noted.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));

Performance: Observed the approved reimbursement rate by the State of Louisiana or the U.S. General Services Administration.

Exceptions: Unable to agree the reimbursement rate for the reimbursements selected using a per diem rate to those rates established by State of Louisiana or the U.S. General Services Administration.

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

Performance: Reviewed reimbursement support for what was purchased.

Exceptions: Unable to observe that reimbursements using actual costs were supported by an original itemized receipt.

**7) Procedures Performed on the Organization's Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions): (Continued)**

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii).

Performance: Observed reimbursement support for documentation of the business/public purpose and other documentation required by Written Policies and Procedures procedure #1A(vii).

Exceptions: Unable to observe that each reimbursement was supported by documentation of the business/public purpose (for meal charges, observed that the documentation included the names of those individuals participating) and other documentation required by Written Policy (procedure #1A(vii)).

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

Performance: Observed reimbursement support for documentation of review and approval.

Exceptions: Unable to observe that each reimbursement was reviewed and approved, in writing, by someone other than the person that received the reimbursement.

**8) Procedures Performed on the Organization's Contracts:**

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

Performance: Obtained 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 and selected the only 4 contracts initiated during the year for testing.

Exceptions: There were no exceptions noted.

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

Performance: Observed that the contracts selected did not require the bids to be in accordance with Louisiana Public Bid law.

Exceptions: There were no exceptions noted.

**8) Procedures Performed on the Organization's Contracts: (Continued)**

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

Performance: Observed that the contracts selected did not require board approval.

Exceptions: There were no exceptions noted.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval).

Performance: Observed that the contracts selected were not amended.

Exceptions: There were no exceptions noted.

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

Performance: Randomly selected one payment for each of the 4 contracts and obtained supporting invoices, agreed invoices to the contract terms, and observed invoices related to the payment agreed to terms and conditions of the contract.

Exceptions: There were no exceptions noted.

**9) Procedures Performed on the Organization's Payroll and Personnel:**

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries, and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Obtained a listing of all employees employed during the fiscal period from management and received management's representation in a separate letter that the listing is complete. Randomly selected 5 employees, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

Exceptions: There were no exceptions noted.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A, obtain attendance records and leave documentation for the pay period, and:

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: Selected one pay period to test leave taken during the fiscal period.

Exceptions: Observed daily attendance and leave was not properly documented during the period.

**9) Procedures Performed on the Organization's Payroll and Personnel: (Continued)**

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Performance: Observed the approval of attendance and leave by the supervisors for the selected employee/officials.

Exceptions: Observed the approval of attendance and leave by the supervisors for the selected employee/officials was not evident.

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

Performance: Observed any leave accrued or taken during the pay period was reflected in the cumulative leave records.

Exceptions: There were no exceptions noted.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Performance: Observed and agreed the rate paid to employees to the authorized pay rate in the personnel files.

Exceptions: There were no exceptions noted.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 2 employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Organization's policy on termination payments. Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employees'/officials' authorized pay rates in the employees'/officials' personnel files, and agree the termination payment to the Organization's policy.

Performance: Obtained a listing of those employees that received termination payments during the fiscal period from management and received management's representation in a separate letter that the listing is complete. The hours used in management's termination payment calculations were agreed to cumulative leave records, pay rates were agreed to authorized pay rates in the personnel files, and we agreed the termination payment to the Organization's policy.

Exceptions: There were no exceptions noted.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Performance: Obtained management's representation that employer and employee portions of third-party payroll accounts have been paid, and any associated forms been filed by the required deadlines.

Exceptions: There were no exceptions noted.

**10) Procedures Performed on the Organization's Ethics:**

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:
  - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.  
Not applicable for not-for-profits.
  - ii. Observe whether the Organization maintains documentation which demonstrates that each employee and official were notified of any changes to the Organization's ethics policy during the fiscal period, as applicable.  
Not applicable for not-for-profits.
- B. Inquire and/or observe whether the Organization has appointed an ethics designee as required by R.S. 42:1170.  
Not applicable for not-for-profits.

**11) Procedures Performed on the Organization's Debt Service:**

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.  
Not applicable for not-for-profits.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).  
Not applicable for not-for-profits.

**12) Procedures Performed on the Organization's Fraud Notice:**

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Organization reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Organization is domiciled as required by R.S. 24:523.  
Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period and management's representation in a separate letter.  
Exceptions: There were no exceptions noted.

**12) Procedures Performed on the Organization's Fraud Notice: (Continued)**

- B. Observe that the Organization 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.

Performance: Observed fraud notice posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no exceptions noted.

**13) Procedures Performed on the Organization's Information Technology Disaster Recovery/ Business Continuity:**

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

- i. Obtain and inspect the Organization's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the Organization's local server or network, and (c) was encrypted.

Performance: We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the Organization'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.

Performance: We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the Organization'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.

Performance: We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using a list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Performance: We performed the procedure and discussed the results with management.

**13) Procedures Performed on the Organization's Information Technology Disaster Recovery/ Business Continuity: (Continued)**

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Not applicable for not-for-profits.

**14) Procedures Performed on the Organization's Prevention of Sexual Harassment:**

A. Using the 5 randomly selected employees/officials from "Procedures Performed on the Organization's Payroll and Personnel procedure" #9A, 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 as required by R.S. 42:343.

Not applicable for not-for-profits.

B. Observe that the Organization has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the Organization's premises if the Organization does not have a website).

Not applicable for not-for-profits.

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

Not applicable for not-for-profits.

i. Number and percentage of public servants in the agency who have completed the training requirements.

Not applicable for not-for-profits.

ii. Number of sexual harassment complaints received by the agency.

Not applicable for not-for-profits.

iii. Number of complaints which resulted in a finding that sexual harassment occurred.

Not applicable for not-for-profits.



**14) Procedures Performed on the Organization's Prevention of Sexual Harassment:  
(Continued)**

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.  
Not applicable for not-for-profits.
- v. Amount of time it took to resolve each complaint.  
Not applicable for not-for-profits.

**Management's Overall Response to Exceptions:**

- 3 A i. The reconciliations selected were not prepared within two months.  
**Management's response:** Subsequent to year end, the Executive Director has completed past reconciliations with the help of a contract CPA and have completed all of the subsequent months within 2 months of the statement closing date.
- 3 A ii. The reconciliations selected did not show evidence of review by a member of management within 1 month of preparation.  
**Management's response:** The Organization is in the process of implementing procedures by which a deputy staff who does not handle finances reviews each month's bank reconciliation, and will be done within one month of the date the reconciliation was prepared.
- 4 D iv. There was no documentation to evidence that deposits were made within one business day.  
**Management's response:** The Organization will ensure checks are deposited within one business day.
- 5 B iii. The person responsible for processing payments is not prohibited from adding or modifying vendor files.  
**Management's response:** The Organization will ensure that the person responsible for processing payments is unable to add or modify vendor files.
- 5 B v. There was no evidence noted that only the employees authorized to sign checks can approve the electronic disbursement of funds.  
**Management's response:** The Organization has changed this procedure subsequent to year end and only employees that are authorized to sign checks are authorized to approve electronic disbursements.
- 5 C ii. There was no evidence of segregation of duties for the disbursements selected.  
**Management's response:** The Organization will ensure evidence of proper segregation of duties.

**Management's Overall Response to Exceptions: (Continued)**

- 5 D. There was no evidence of approval by authorized persons, or by the required number of authorized persons per the Organization's policies.  
**Management's response:** The Organization has changed this procedure subsequent to year end and only employees that are authorized to sign checks are authorized to approve electronic disbursements.
- 6 B i. There was no evidence or documentation that all purchases on the cards were reviewed and approved by the Executive Director.  
**Management's response:** The Organization has one debit card and the Executive Director is the authorized card holder. The Executive Director will give approval and review receipts for all purchases.
- 7 A i. One transaction tested did not have supporting documentation for the reimbursement.  
**Management's response:** Management will ensure the approved reimbursement rate for per diem expenses is no more than those rates established by the U.S. General Services Administration.
- 7 A ii. One transaction tested did not have supporting documentation for the reimbursement.  
**Management's response:** Management will ensure reimbursements using actual costs are supported by original itemized receipts.
- 7 A iii. One transaction tested did not have supporting documentation for the reimbursement.  
**Management's response:** Management will ensure reimbursements are supported by documentation of the business/public purpose.
- 7 A iv. One transaction tested did not have supporting documentation for the reimbursement.  
**Management's response:** Management will ensure that each reimbursement is reviewed and approved, in writing, by someone other than the person that received the reimbursement.
- 9 B i. Two employees selected for testing did not have daily attendance and leave documented on timesheets.  
**Management's response:** Management will ensure daily attendance is properly documented.
- 9 B ii. One employee selected for testing did not have a timesheet for the selected pay period, therefore there are no approval of time by a supervisor.  
**Management's response:** Management will ensure supervisors approve the attendance and leave of employees.