

FINANCIAL REPORT
THE LOUISIANA APPELLATE PROJECT
JUNE 30, 2023 AND 2022

THE LOUISIANA APPELLATE PROJECT

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INDEPENDENT AUDITOR'S REPORT

December 15, 2023

To the Board of Directors of
The Louisiana Appellate Project
Covington, Louisiana

Opinion

We have audited the accompanying financial statements of Louisiana Appellate Project (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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 Louisiana Appellate Project as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Louisiana Appellate Project and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisiana Appellate Project'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 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, 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 Louisiana Appellate Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisiana Appellate Project'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer is presented for purposes of additional analysis 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. The 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 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 December 15, 2023 on our consideration of the Louisiana Appellate Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Louisiana Appellate Project'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 Louisiana Appellate Project's internal control over financial reporting and compliance.



New Orleans, Louisiana

THE LOUISIANA APPELLATE PROJECT
 STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:		
Cash	\$ 233,977	\$ 209,884
Accounts receivable	<u>126,991</u>	<u>126,991</u>
Total current assets	<u>360,968</u>	<u>336,875</u>
 PROPERTY AND EQUIPMENT:		
Computer equipment	4,462	4,462
Less: accumulated depreciation	<u>(4,462)</u>	<u>(4,462)</u>
Net property and equipment	<u>-</u>	<u>-</u>
 TOTAL ASSETS	 <u><u>\$ 360,968</u></u>	 <u><u>\$ 336,875</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ <u>7,000</u>	\$ <u>6,669</u>
Total liabilities	<u>7,000</u>	<u>6,669</u>
 NET ASSETS:		
Without donor restrictions	<u>353,968</u>	<u>330,206</u>
Total net assets	<u>353,968</u>	<u>330,206</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 360,968</u></u>	 <u><u>\$ 336,875</u></u>

See accompanying notes.

THE LOUISIANA APPELLATE PROJECT
 STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUES:		
Contractual income	\$ 1,523,891	\$ 1,523,905
Seminar income	4,200	-
Interest income	1	2
Total revenue	<u>1,528,092</u>	<u>1,523,907</u>
EXPENSES:		
Program services	1,490,443	1,430,750
Supporting services:		
Management and general	<u>13,887</u>	<u>13,876</u>
Total expenses	<u>1,504,330</u>	<u>1,444,626</u>
CHANGE IN NET ASSETS	23,762	79,281
Net assets - Beginning of year	<u>330,206</u>	<u>250,925</u>
Net assets - End of year	<u>\$ 353,968</u>	<u>\$ 330,206</u>

See accompanying notes.

THE LOUISIANA APPELLATE PROJECT
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Bank charges	\$ -	\$ 313	\$ 313	\$ -	\$ 240	\$ 240
Contractual services	1,389,125	-	1,389,125	1,343,250	-	1,343,250
Insurance	10,172	-	10,172	8,132	-	8,132
Office	5,272	586	5,858	-	10	10
Other	-	741	741	-	15	15
Professional fees	-	12,073	12,073	-	11,543	11,543
Seminar	2,540	-	2,540	-	-	-
Storage rent	-	174	174	-	2,068	2,068
Subscriptions	83,334	-	83,334	79,368	-	79,368
Total expenses	\$ 1,490,443	\$ 13,887	\$ 1,504,330	\$ 1,430,750	\$ 13,876	\$ 1,444,626

See accompanying notes.

THE LOUISIANA APPELLATE PROJECT
 STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 23,762	\$ 79,281
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
(Increase) in accounts receivable	-	(28,571)
Increase in accounts payable	<u>331</u>	<u>320</u>
Net cash provided by operating activities	<u>24,093</u>	<u>51,030</u>
Net change in cash	24,093	51,030
Cash at beginning of year	<u>209,884</u>	<u>158,854</u>
CASH AT END OF YEAR	<u><u>\$ 233,977</u></u>	<u><u>\$ 209,884</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid for:		
Interest	\$ <u> -</u>	\$ <u> -</u>
Income taxes	\$ <u> -</u>	\$ <u> -</u>

See accompanying notes.

THE LOUISIANA APPELLATE PROJECT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

DESCRIPTION OF ORGANIZATION:

The Louisiana Appellate Project (LAP) was formed as a 501(c)(3) nonprofit law office on April 1, 1996. It was the first program or agency established by The Louisiana Indigent Defender Board (now Louisiana Public Defender Board). The Louisiana Appellate Project provides appellate services for indigents on appeals of felony convictions in all Louisiana districts and also for felony grade delinquency adjudications.

Appellate work includes work in the appellate courts of Louisiana and, when appropriate, filing writs to the Louisiana Supreme Court. It also includes cases appealed by the State, such as when a court declares a statute unconstitutional.

Every district public defender office has contracted with LAP to supplement their staff with these services. There is no cost to the district public defender. Almost all funding for LAP comes from the Louisiana Public Defender Board, with minor income from the LAP annual seminar. By concentrating appellate work across all five Louisiana Circuit Courts to LAP attorneys, client's appeals are handled by attorneys with the skills, experience, and time to focus on the unique needs of appellate work. This arrangement similarly allows public defenders to focus on trial practice and their primary duties.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of LAP's significant accounting policies applied in the preparation of the accompanying financial statement follows:

Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

LAP is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expiration of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets. LAP only had net assets without donor restrictions as of June 30, 2023 and 2022.

The statement of activities presents expenses of LAP's operations functionally between program services and management and general. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

THE LOUISIANA APPELLATE PROJECT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Cash

For purposes of the Statement of Cash Flows, LAP considers cash in banks and cash on hand to be cash.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair value at the date of receipt. Depreciation is calculated by the straight-line method over the estimated useful life of the assets, which is five years for the assets currently held. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

LAP has a policy of capitalizing property and equipment with a cost greater than \$1,000. There was no depreciation expense during the years ended June 30, 2023 and 2022, as the assets were fully depreciated.

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

Income Tax

LAP is exempt from income taxes under Internal Revenue Code Section 501(c)(3) as a nonprofit organization and, accordingly, the financial statements do not reflect a provision for income taxes. LAP's Federal Return of Organization Exempt from Income Tax (Form 990) for 2022, 2021 and 2020 are subject to examination by the IRS, generally for three years after filed.

Accounting for Uncertain Tax Positions under FASB ASC 740-10

Accounting standards provide detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Under these accounting standards, an entity is required to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Management has evaluated the significant tax positions against the criteria established by these accounting standards and believes there are no such tax positions requiring accounting recognition.

THE LOUISIANA APPELLATE PROJECT
 NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Accounts Receivable

Accounts receivable consists of amounts due from funding under a contract with the Louisiana Public Defender Board to support its operations. Management estimates that all are collectible, and therefore there is no allowance for doubtful accounts.

Revenue Recognition

Revenues are incurred through contract fees from the Louisiana Public Defender Board. Revenue is recognized on a straight-line basis monthly over the one-year contract period and recognized as services are rendered each month. At June 30, 2023 and 2022, revenue from contract fees was \$1,523,891 and \$1,523,905 respectively.

2. CONCENTRATIONS OF CREDIT RISK:

LAP maintains its cash balances at two financial institutions located within the State of Louisiana. Deposits are insured up to \$250,000 per depositor, per insured bank, for each account of ownership. At June 30, 2023 and 2022, the bank balances were fully insured.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

LAP manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves.

The following table reflects LAP's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date. Amounts available include donor-restricted amounts that are available for general expenditures in the following year.

	<u>2023</u>	<u>2022</u>
Financial assets, at year end:		
Cash	\$ 233,977	\$ 209,884
Accounts receivable	126,991	126,991
Total financial assets at year end	<u>360,968</u>	<u>336,875</u>
Less: contractual or donor-imposed restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 360,968</u>	<u>\$ 336,875</u>

4. DATE OF MANAGEMENT'S REVIEW:

Management has evaluated subsequent events through December 15, 2023, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE LOUISIANA APPELLATE PROJECT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
 TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2023

Agency head name: Christopher Aberle, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Contract	
Compensation	101,500
Costs for running office, including taxes, phones, fax, software, internet, computer, travel, CLE, office supplies, books etc.	-
Benefits - insurance	-
Benefits - retirement	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	\$ <u><u>101,500</u></u>



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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

December 15, 2023

To the Board of Directors of
Louisiana Appellate Project

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 Louisiana Appellate Project (a Louisiana nonprofit corporation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana Appellate Project'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Appellate Project's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Appellate Project's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Appellate Project'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 organization'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 Louisiana Appellate Project's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hopmann, Hogan & Porter LLP

New Orleans, Louisiana

THE LOUISIANA APPELLATE PROJECT
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the Louisiana Appellate Project for the year ended June 30, 2023 was unmodified.
2. Internal Control:
 Significant deficiencies: none noted
 Material weaknesses: none noted
3. Compliance and Other Matters:
 Noncompliance material to financial statements. none noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED
GOVERNMENTAL AUDITING STANDARDS.

None noted.

SUMMARY OF PRIOR YEAR FINDINGS:

None noted.

LOUISIANA APPELLATE PROJECT
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE FISCAL PERIOD JULY 01, 2022
THROUGH JUNE 30, 2023

LOUISIANA APPELLATE PROJECT

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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE FISCAL YEAR JULY 01, 2022 THROUGH JUNE 30, 2023

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Wesley D. Wade, CPA
Gregory J. Binder, IT Director
Colleen A. Casey, CPA

December 15, 2023

Michael J. O’ Rourke, CPA
William G. Stamm, CPA

Board of Directors
Louisiana Appellate Project and
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year July 01, 2022 through June 30, 2023. Louisiana Appellate Project’s management is responsible for those C/C areas identified in the SAUPs.

Louisiana Appellate Project 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 year July 01, 2022 through June 30, 2023. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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1) Written Policies and Procedures

- A. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations.
- 1) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - 2) ***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.
 - 3) ***Disbursements***, including processing, reviewing, and approving.
 - 4) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - 5) ***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.
 - 6) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - 7) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - 8) ***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).
 - 9) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity’s ethics policy.
 - 10) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - 11) ***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.

- 12) ***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.

Results: No findings noted as a result of applying the above agreed-upon procedures.

2) 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
 - 1) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - 2) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - 3) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - 4) 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.

Results: No findings noted as a result of applying the above agreed-upon procedures.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- 1) 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);
 - 2) Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - 3) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No findings noted as a result of applying the above agreed-upon procedures.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: We noted no findings as a result of applying the above agreed-upon procedures.

- 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
- 1) Employees responsible for cash collections do not share cash drawers/registers.
 - 2) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - 3) 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

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

Results: No findings noted as a result of applying the above agreed-upon procedures.

- 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.

Results: No findings noted as a result of applying the above agreed-upon procedures.

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

- 1) Observe that receipts are sequentially pre-numbered.
- 2) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- 3) Trace the deposit slip total to the actual deposit per the bank statement.
- 4) 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).
- 5) Trace the actual deposit per the bank statement to the general ledger.

Results: No findings noted as a result of applying the above agreed-upon procedures.

5) *Non-Payroll Disbursements (excluding card purchases, 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).

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- 1) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - 2) At least two employees are involved in processing and approving payments to vendors;
 - 3) 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;
 - 4) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments, and
 - 5) 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.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- 1) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - 2) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note. If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No findings noted as a result of applying the above agreed-upon procedures.

6) 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.

Results: The System does not have or issue entity credit cards, bank debit cards, fuel cards, or P-cards, therefore, these procedures are not applicable.

- 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
- 1) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - 2) Observe that finance charges and late fees were not assessed on the selected statements.

Results: The System does not have or issue entity credit cards, bank debit cards, fuel cards, or P-cards, therefore, these procedures are not applicable.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from

each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results: The System does not have or issue entity credit cards, bank debit cards, fuel cards, or P-cards, therefore, these procedures are not applicable.

7) 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
- 1) 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).
 - 2) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - 3) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - 4) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No findings noted as a result of applying the above agreed-upon procedures.

8) 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

- 1) 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;
- 2) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- 3) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- 4) 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.

Results: No findings noted as a result of applying the above agreed-upon procedures.

9) 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.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- 1) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - 2) Observe whether supervisors approved the attendance and leave of the selected employees or officials:
 - 3) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - 4) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Results: No findings noted as a result of applying the above agreed-upon procedures.

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

Results: No findings noted as a result of applying the above agreed-upon procedures.

- 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.

Results: No findings noted as a result of applying the above agreed-upon procedures.

10) Ethics

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

Results: No findings noted as a result of applying the above agreed-upon procedures.

3. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No findings noted as a result of applying the above agreed-upon procedures.

11) 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.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- 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).

Results: No findings noted as a result of applying the above agreed-upon procedures.

12) 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 entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No findings noted as a result of applying the above agreed-upon procedures.

13) 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."**
- 1) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for

backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

- 2) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- 3) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: No findings noted as a result of applying the above agreed-upon procedures.

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

Results: No findings noted as a result of applying the above agreed-upon procedures.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Results: No findings noted as a result of applying the above agreed-upon procedures.

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

Results: No findings noted as a result of applying the above agreed-upon procedures.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42.344.

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

- 2) Number of sexual harassment complaints received by the agency;
- 3) Number of complaints which resulted in a finding that sexual harassment occurred;
- 4) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- 5) Amount of time it took to resolve each complaint.

Results: No findings noted as a result of applying the above agreed-upon procedures.

We were engaged by Louisiana Appellate Project to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Louisiana Appellate Project 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 results 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 Louisiana Legislative Auditor as a public document.



New Orleans, Louisiana