

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, Louisiana

Annual Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
June 30, 2017
With Supplemental Information Schedules

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, Louisiana

Annual Financial Statements
With Independent Auditor's Report
As of and for the Year Ended June 30, 2017
With Supplemental Information Schedules

C O N T E N T S

		<u>Page No.</u>
Independent Auditor's Report		3
Required Supplemental Information (Part I)		
Management's Discussion and Analysis		7
Basic Financial Statements		
	<u>Statement</u>	<u>Page No.</u>
Government-Wide Financial Statements:		
Statement of Net Position	A	12
Statement of Activities	B	13
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C	14
Reconciliation of the Governmental Funds Balance Sheet to The Financial Statement of Net Position		15
Statement of Revenues, Expenditures, and Changes in Fund Balances	D	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, And Changes in Fund Balances to the Statement of Activities		17
Notes to the Financial Statements		18

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
 Parishes of Morehouse and Ouachita, Louisiana
 Contents, June 30, 2017

C O N T E N T S (CONTD.)

	<u>Schedule</u>	<u>Page No.</u>
Required Supplemental Information (Part II):		
Budget Comparison Schedule	1	27
Note to Budgetary Comparison Schedule		28
Other Supplemental Schedules (Part III):		
Schedule of Compensation, Benefits and Other Payments to Agency Head	2	30
Independent Auditor's Report Required by Government Auditing Standards (Part IV):		
Independent Auditor's Report on Compliance and Internal Control over Financial Reporting		33
Schedule of Findings and Questioned Costs	3	35
Summary Schedule of Prior Audit Findings	4	36
Agency Corrective Action Plan		37
Agreed Upon Procedures		38
Agency Agreed-Upon Procedures Response		52

Independent Auditor's Report

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and major fund of the Fourth Judicial District Indigent Defender Fund, a component unit of the Ouachita Parish Police Jury, as of June 30, 2017, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Fourth Judicial District Indigent Defender Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fourth Judicial District Indigent Defender Fund's preparation and fair presentation of the financial statements 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 Fourth Judicial District Indigent Defender Fund's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Parishes of Morehouse and Ouachita, Louisiana
Independent Auditor's Report,
June 30, 2017

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and major fund of the Fourth Judicial District Indigent Defender Fund as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 10, and the budgetary comparison information on pages 27 through 28, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fourth Judicial District Indigent Defender Fund's office basic financial statements. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The supplemental information schedules listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of compensation, benefits, and other payments to agency head on page 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Parishes of Morehouse and Ouachita, Louisiana

Independent Auditor's Report,

June 30, 2017

accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated January 12, 2018, on my consideration of the Fourth Judicial District Indigent Defender Fund's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Fourth Judicial District Indigent Defender Fund's internal control over financial reporting and compliance.



West Monroe, Louisiana

January 12, 2018

REQUIRED SUPPLEMENTARY INFORMATION
PART I

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, Louisiana

Management's Discussion and Analysis
June 30, 2017

As management of the Fourth Judicial District Indigent Defender Fund, we offer readers of the Fourth Judicial District Indigent Defender Fund's financial statements this narrative overview and analysis of the financial activities of the Fourth Judicial District Indigent Defender Fund for the year ended June 30, 2017. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Fund's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Fund's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Fourth Judicial District Indigent Defender Fund's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Fourth Judicial District Indigent Defender Fund's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Fourth Judicial District Indigent Defender Fund is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned, but unused, sick leave).

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fourth Judicial District Indigent Defender Fund, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Fourth Judicial District Indigent Defender Fund uses only governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Fourth Judicial District Indigent Defender Fund adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the major fund to demonstrate compliance with this budget.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Fourth Judicial District Indigent Defender Fund's performance.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Fourth Judicial District Indigent Defender Fund exceeded liabilities by \$849,685. Approximately 14% of the Fourth Judicial District Indigent Defender Fund's net position reflects its investment in capital assets (e.g., equipment). These assets are not available for future spending.

The balance in unrestricted net position is affected by two factors: 1) resources expended, over time, by the Fourth Judicial District Indigent Defender Fund to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets being included in the statement of net position.

STATEMENT OF NET POSITION

	2017	2016
ASSETS		
Cash and cash equivalents	\$618,521	\$345,612
Receivables	120,343	124,682
Capital assets (net of accumulated depreciation)	116,574	121,669
TOTAL ASSETS	\$855,438	\$591,963
LIABILITIES		
Accounts payable	\$5,753	\$2,717
TOTAL LIABILITIES	5,753	2,717
NET POSITION		
Invested in capital assets, net of related debt	116,574	121,669
Unrestricted	733,111	467,577
TOTAL NET POSITION	\$849,685	\$589,246

STATEMENT OF ACTIVITIES

	2017	2016
Judicial:		
Personal services	\$605,109	\$602,410
Operating services	1,467,161	1,554,742
Materials and supplies	22,394	19,532
Travel	13,401	12,458
Depreciation expense	6,794	6,454
Total Program Expenses	2,114,859	2,195,596
Program revenues - fees, charges and commissions	57,706	71,103
Net Program Expenses	(2,057,153)	(2,124,493)
General revenues		
Court costs on fines and forfeitures	1,446,239	1,477,944
Intergovernmental revenues	871,353	863,120
Total general revenues	2,317,592	2,341,064
Change in Net Position	260,439	216,571
Net Position - Beginning of year as restated	589,246	372,675
Net Position - End of year	\$849,685	\$589,246

Financial Analysis of the Government's Funds

As noted earlier, the Fourth Judicial District Indigent Defender Fund uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2017, the General Fund unassigned fund balance of \$733,111 showed an increase of \$265,534 over June 30, 2016.

General Fund Budgetary Highlights

The major difference between the original budget and the final amended budget for revenues were due to an increase in statutory fines, forfeitures, fees, court costs and other anticipated and a decrease in state funds . The differences in expenditures of the original budget and final budget were due to an increase in personal services, travel, and supplies and decreases in contract services - attorneys.

Capital Asset and Debt Administration

Capital assets. The Fourth Judicial District Indigent Defender Fund's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$116,574 (net of accumulated depreciation). This investment includes building, furniture and equipment. There was an increase of \$1,699 and no decrease for the year ended June 30, 2017.

Long-term debt. At the end of the fiscal year, Fourth Judicial District Indigent Defender Fund had no outstanding long term debt.

Requests for Information

This financial report is designed to provide a general overview of the Fourth Judicial District Indigent Defender Fund's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fourth Judicial District Indigent Defender Fund, 714 St. John Street, LA 71210-3327.

November 17, 2017

BASIC FINANCIAL STATEMENTS

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, LouisianaSTATEMENT OF NET POSITION
June 30, 2017

ASSETS	
Cash and cash equivalents	\$618,521
Receivables	120,343
Capital assets (net of accumulated depreciation)	<u>116,574</u>
TOTAL ASSETS	<u><u>\$855,438</u></u>
LIABILITIES	
Accounts payable	<u>\$5,753</u>
TOTAL LIABILITIES	<u>5,753</u>
NET POSITION	
Invested in capital assets, net of related debt	116,574
Unrestricted	<u>733,111</u>
TOTAL NET POSITION	<u><u>\$849,685</u></u>

The accompanying notes are an integral part of this statement.

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, Louisiana

STATEMENT OF ACTIVITIES
June 30, 2017

Judicial:		
Personal services and benefits:		
Salaries		\$560,882
Payroll taxes		44,227
Professional Development:		
Dues, licenses, and registrations		1,450
Travel		8,736
Operating costs:		
Library and research		8,280
Contract services - attorney		1,319,421
Contract services - other		41,717
Travel		4,665
Insurance		5,887
Supplies		22,394
Repairs and maintenance		74,513
Utilities and telephone		10,591
Training		3,456
Other		1,846
Depreciation expense		6,794
Total Program Expenses		<u>2,114,859</u>
Program revenues - fees, charges and commissions		<u>57,706</u>
Net Program Expenses		<u>(2,057,153)</u>
General revenues		
Court costs on fines and forfeitures		871,353
Intergovernmental revenues - State Government-		
Appropriations - regular		<u>1,446,239</u>
Total general revenues		2,317,592
Change in Net Position		260,439
Net Position - Beginning of year		<u>589,246</u>
Net Position - End of year		<u><u>\$849,685</u></u>

The accompanying notes are an integral part of this statement.

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, Louisiana
GOVERNMENTAL FUNDS

Balance Sheet, June 30, 2017

ASSETS

Cash and cash equivalents	\$618,521
Receivables	<u>120,343</u>
TOTAL ASSETS	<u>\$738,864</u>

LIABILITIES AND FUND EQUITY

Liabilities - Accounts payable	\$5,753
Fund Equity - fund balances - unassigned	<u>733,111</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$738,864</u>

The accompanying notes are an integral part of this statement.

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, Louisiana

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position

For the Year Ended June 30, 2017

Total Fund Balances - Governmental Funds (Statement C)		<u>\$733,111</u>
Cost of capital assets	\$307,362	
Less: Accumulated depreciation	<u>(190,788)</u>	<u>116,574</u>
Net Position (Statement A)		<u>\$849,685</u>

The accompanying notes are an integral part of this statement.

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
 Parishes of Morehouse and Ouachita, Louisiana
 GOVERNMENTAL FUNDS
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended June 30, 2017

REVENUES	
State Government	
Appropriations - general	\$871,353
Local Government	
Statutory fines, forfeitures, fees, court costs, and other	1,503,945
Total revenues	<u>2,375,298</u>
EXPENDITURES	
Personnel Services and Benefits	
Salaries	560,882
Payroll taxes	44,227
Total	<u>605,109</u>
Professional Development	
Dues, licenses, and registrations	1,450
Travel	8,736
Total	<u>10,186</u>
Operating Costs	
Library and research	8,280
Contract services - attorney	1,319,421
Contract services - other	41,717
Travel - transportation	4,665
Insurance	5,887
Supplies	22,394
Repairs and maintenance	74,513
Utilities and telephone	10,591
Training	3,456
Other	1,846
Total	<u>1,492,770</u>
Capital outlay	1,699
Total expenditures	<u>2,109,764</u>
EXCESS OF REVENUES OVER EXPENDITURES	265,534
FUND BALANCES AT BEGINNING OF YEAR	<u>467,577</u>
FUND BALANCES AT END OF YEAR	<u><u>\$733,111</u></u>

The accompanying notes are an integral part of this statement.

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, Louisiana

Reconciliation of Governmental Funds
Statement of Revenue, Expenditures, and Changes
in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2017

Total net change in fund balances - governmental funds (Statement D)	\$265,534
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation for the period.	<u>(5,095)</u>
Change in net position of governmental activities (Statement B)	<u>\$260,439</u>

The accompanying notes are an integral part of this statement.

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fourth Judicial District Indigent Defender Fund was established in compliance with Louisiana Revised Statutes 15:144-149 to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The judicial district encompasses the parishes of Morehouse and Ouachita, Louisiana.

The accompanying financial statements of the Fourth Judicial District Indigent Defender Fund have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis -for State and Local Governments*, issued in June 1999.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Ouachita Parish Police Jury is the financial reporting entity for Ouachita Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Ouachita Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Parishes of Morehouse and Ouachita, Louisiana
Notes to the Financial Statements (Continued)

2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The district public defender is appointed by the Louisiana Public Defender Board. However, the police jury is ultimately responsible for the fiscal operations of the Fourth Judicial District court system, which includes the Indigent Defender Fund. Further, because of this relationship, the police jury's general purpose financial statements would be misleading without inclusion of the Fund's financial statements. Therefore, the indigent defender Fund is considered a component unit of the parish reporting entity.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The Fund's basic financial statements include both government-wide (reporting the Fund as a whole) and fund financial statements (reporting the Fund's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the Fund are classified as governmental.

The Statement of Net Position (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the Fund.

In the Statement of Net Position, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net Position are reported in three parts; invested in capital assets, net of any related debt; restricted net position; and unrestricted net position.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Parishes of Morehouse and Ouachita, Louisiana
Notes to the Financial Statements (Continued)

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the Fund's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the Fund's general revenues.

Allocation of Indirect Expenses - The Fund reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function.

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the indigent defender fund are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the indigent defender fund. The focus of governmental fund financial statements is on major funds rather than reporting funds by type.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The Fund's current operations require the use of only governmental funds. The governmental fund type used by the Fund is described as follows:

Governmental Fund Type

General Fund - The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the indigent defender fund and is used to account for the operations of the indigent defender fund's office. The various fees and charges due to the indigent defender fund's office are accounted for in this fund. General operating expenditures are paid from this fund.

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Parishes of Morehouse and Ouachita, Louisiana
Notes to the Financial Statements (Continued)

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Accrual:

Governmental type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Fund considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Parishes of Morehouse and Ouachita, Louisiana
Notes to the Financial Statements (Continued)

Revenues

Court costs on fines and forfeitures imposed by the district and city courts are recorded in the year they are collected by the parish tax collector or the city.

Criminal bail bond fees are recorded in the year the bonds are written.

Fees from indigents are recorded when collected by the Division of Probation and Parole.

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

Based on the above criteria, court costs on fines and forfeitures, criminal bail bond fees, and fees from indigents have been treated as susceptible to accrual.

Expenditures

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

E. CASH AND CASH EQUIVALENTS

Under state law, the indigent defender fund may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2017, the indigent defender fund has cash and cash equivalents (book balances) totaling \$618,521.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These deposits are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (bank balances) at June 30, 2017, total \$821,395 and are fully secured by federal deposit insurance and pledged securities.

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Parishes of Morehouse and Ouachita, Louisiana

Notes to the Financial Statements (Continued)

F. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Fund maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the Fund, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Description</u>	<u>Estimated Lives</u>
Buildings		
Furniture and fixtures		5 - 10 years
Vehicles		5 - 15 years
Equipment		5 - 20 years

G. ANNUAL AND SICK LEAVE

The indigent defender fund employs three part-time employees and has not adopted a formal vacation and sick leave policy. The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken.

H. RISK MANAGEMENT

The indigent defender fund is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions. To handle such risk of loss, the indigent defender fund maintains commercial insurance policies covering her automobile, and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2017.

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
 Parishes of Morehouse and Ouachita, Louisiana
 Notes to the Financial Statements (Continued)

2. RECEIVABLES

The General Fund receivables of \$120,343 at June 30, 2017, are as follows:

<u>Class of receivables:</u>	
Court costs on fines and forfeitures	\$116,335
Fees from indigents	<u>4,008</u>
Total	<u>\$120,343</u>

3. CHANGES IN CAPITAL ASSETS

A summary of changes in office furnishings and equipment follows:

Balance, June 30, 2016	\$305,663
Additions	1,699
Deletions	<u>NONE</u>
Balance, June 30, 2017	307,362
Less accumulated depreciation	<u>(190,788)</u>
Net Capital Assets	<u>\$116,574</u>

4. PENSION PLAN

The employees of the indigent defender fund are members of the Social Security System. In addition to the employee contributions withheld at 7.65 per cent of gross salary, the indigent defender fund contributes an amount equal to the employee's contributions to the Social Security System. The indigent defender fund does not guarantee the benefits granted by the Social Security System.

5. LITIGATION AND CLAIMS

The contracts between the indigent defender fund and the attorneys contain provisions requiring the attorneys to maintain professional liability insurance and agreeing to hold the indigent defender fund harmless from any malpractice judgments. Accordingly, no provision for any liability arising from lawsuits has been made in the accompanying financial statements.

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Parishes of Morehouse and Ouachita, Louisiana
Notes to the Financial Statements (Continued)

6. CONTRACT ATTORNEYS

At June 30, 2017, as provided by Louisiana Statutes 15:145(b)(3), the indigent defender fund had twenty-six contract attorneys to provide legal representation to indigents in the Fourth Judicial District. The contracts are for terms of one year and provide for a managing attorney, twenty-four attorneys for Ouachita Parish (including five juvenile attorneys), and two attorneys for Morehouse Parish. The managing attorney receives \$10,250 per month in compensation while the remaining attorneys receive monthly compensation ranging from \$2,000 to \$6,500, depending on their years of service under contract. The managing attorney reports to the indigent defender fund on the progress and disposition of cases received.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, Louisiana

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
State Government -				
Appropriations - regular	\$892,459	\$871,353	\$871,353	
Statutory fines, forfeitures, fees, court costs, and other	1,403,000	1,435,476	1,503,945	\$68,469
Total revenues	<u>2,295,459</u>	<u>2,306,829</u>	<u>2,375,298</u>	<u>68,469</u>
EXPENDITURES				
Current:				
General government - judicial				
Personal services and benefits:				
Salaries	555,228	582,403	560,882	21,521
Payroll taxes	47,597	47,597	44,227	3,370
Professional Development:				
Dues, licenses, and registrations	150	150	1,450	(1,300)
Travel	10,200	11,600	8,736	2,864
Operating Costs:				
Library and research	8,400	8,400	8,280	120
Contract services - attorney	1,531,659	1,369,200	1,319,421	49,779
Contract services - other	44,200	44,200	41,717	2,483
Travel	4,100	4,100	4,665	(565)
Insurance	4,000	4,000	5,887	(1,887)
Supplies	21,675	26,475	22,394	4,081
Repairs and maintenance	37,000	37,500	74,513	(37,013)
Utilities and telephone	10,500	10,000	10,591	(591)
Training	5,000	5,000	3,456	1,544
Other	750	750	1,846	(1,096)
Capital outlay	15,000	15,000	1,699	13,301
Total expenditures	<u>2,295,459</u>	<u>2,166,375</u>	<u>2,109,764</u>	<u>56,611</u>
EXCESS OF REVENUES OVER EXPENDITURES	NONE	140,454	265,534	125,080
FUND BALANCE AT BEGINNING OF YEAR	NONE	467,577	467,577	NONE
FUND BALANCE AT END OF YEAR	NONE	<u>\$608,031</u>	<u>\$733,111</u>	<u>\$125,080</u>

See accompanying note to budgetary comparison schedule.

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Fourth Judicial District Indigent Defender Fund's office during the month of June for comments from taxpayers. The budget is then legally adopted by the indigent defender fund and amended during the year, as necessary. The budget is established and controlled by the indigent defender fund at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and all subsequent amendments.

OTHER SUPPLEMENTAL INFORMATION

PART III

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, LouisianaSchedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2017

MICHAEL COURTEAU, DISTRICT DEFENDER

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$123,000
Benefits - social security	7,626
Benefits - medicare	1,784
Travel - mileage	1,489
Meals	123
Housing and lodging	306
Insurance	2,660

**REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
PART IV**

**Independent Auditor's Report Required
by *Government Auditing Standards***

The following independent auditor's report on compliance and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Member:
American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants

MARY JO FINLEY, CPA, INC.

A PROFESSIONAL ACCOUNTING CORPORATION
116 Professional Drive - West Monroe, LA 71291
Phone (318) 329-8880 - Fax (318) 329-8883

Practice Limited to
Governmental Accounting,
Auditing and
Financial Reporting

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 *Government Auditing Standards*

FOURTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, Louisiana

I have audited the basic financial statements of the Fourth Judicial District Indigent Defender Fund, a component unit of the Ouachita Parish Police Jury, as of and for the year ended June 30, 2017 and have issued my report thereon dated January 12, 2018. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Fourth Judicial District Indigent Defender Fund's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fourth Judicial District Indigent Defender Fund's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Fourth Judicial District Indigent Defender Fund's internal control over financial reporting.

A deficiency in internal control exist 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 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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

FOURTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, Louisiana
Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
June 30, 2017

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fourth Judicial District Indigent Defender Fund's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is included as finding 17-001 in the accompanying schedule of findings and questioned costs.

This report is intended solely for the information and use of the Fourth Judicial District Indigent Defender Fund, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513(G), this report is distributed by the Legislative Auditor as a public document.



West Monroe, Louisiana
January 12, 2018

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Fourth Judicial District Indigent Defender Fund.
2. One instance of noncompliance material to the financial statements of the Fourth Judicial District Indigent Defender Fund was disclosed during the audit.
3. No significant deficiency relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2017-001 Failing to file Financial Statements Pursuant to R.S. 24:513

Finding: The Fourth Judicial District Indigent Defender Fund's financial statements were due to the legislative auditor by December 31, 2017. The Fourth Judicial District Indigent Defender Fund did not provide the information needed to file the financial statements with the Statewide Agreed Upon Procedures by the due date.

Recommendation: The Fourth Judicial District Indigent Defender Fund should submit financial information to the auditor in a timely manner in order for the financial statements to be submitted to the legislative auditor by the due date.

FOURTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
Parishes of Morehouse and Ouachita, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2017

There were no findings reported in the audit report for the year ended June 30, 2016.



FOURTH JUDICIAL DISTRICT
PUBLIC DEFENDER OFFICE
PARISHES OF MOREHOUSE AND OUACHITA
P.O. BOX 3327
MONROE, LOUISIANA 71210

Telephone: 318-322-6643

Fax: 318-325-7814

On finding the audit report not filed by December 31, 2017:

New requirements mandated by legislators this year involved many criteria that had not been preparable in past years. The gathering and processing of this information took longer than initially anticipated, as data was submitted additional data kept being requested which shifted our submission date. The 4th District Public Defenders Office administration are preparing the proper documentation and procedures for compliance in the next testing period.

A handwritten signature in blue ink that reads "Michael A. Courteau".

Michael A. Courteau

District Defender

1/12/17

MARY JO FINLEY, CPA, INC.

A PROFESSIONAL CORPORATION

116 Professional Drive - West Monroe, LA 71291
Phone (318) 329-8880 - Fax (318) 329-8883

Independent Accountant's Report on Applying Agreed-Upon Procedures

4th Indigent Defender Fund
714 St. John Street
Monroe, LA 71201

To the 4th Indigent Defender Fund's Office

I have performed the procedures enumerated below, which were agreed to by the management of the 4th Indigent Defender Fund's Office and the Louisiana Legislative Auditor, State of Louisiana, on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. Management of 4th Indigent Defender Fund's Office is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

AGREED-UPON PROCEDURES

WRITTEN POLICIES AND PROCEDURES

1. The 4th Indigent Defender Fund has no written policies and procedures for the test period.

BOARD (OR FINANCE COMMITTEE, IF APPLICABLE)

2. The 4th Indigent Defender Fund's office does not have a board or a finance committee therefore this procedure is not applicable.

BANK RECONCILIATIONS

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

The agency provided me with a certified list of all bank accounts.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

The agency had a total of 2 bank accounts, so a random sample of 2 bank accounts were selected to test the following:

- A) Bank reconciliations have been prepared;

For the 2 bank accounts selected above, all were reconciled each month for the period tested.

- B) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation;

For the 2 bank accounts selected above, it was determined that the bank reconciliations are prepared by an outside consultant.

- C) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more that 6 months as of the end of the fiscal period.

For the 2 bank accounts selected above, both of the accounts had outstanding reconciling items over six months.

COLLECTIONS

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Agency provided me with a certified list of collection locations and I verified that it was complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

The agency has 1 collection location. It was selected for testing for the following:

- A) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The indigent defender board's office has a crime policy that covers employee theft. The agency has 1 cash drawer. All collection payments are received by a member of the qualifications team and given to the front desk attendant. The front desk attendant records the receipt in the receipt book and issues a paper receipt. At the end of the day the front desk attendant gives the money and receipts to the office manager who verifies the amount and locks the money in her office until a deposit is made. Any checks received for court costs and other fees are given to the office manager who keeps them locked in her office until a deposit is made. The office manager prepares and makes the deposits. After the deposit is made, the bookkeeper gives the information to the outside consultant who posts it to the accounting system. Bank reconciliations are prepared by the outside consultant.

- B) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The cash drawer is reconciled daily and given to the office manager who locks the money in a drawer until a deposit is made. Deposits are made once a month. The deposit is made by the office manager or the bookkeeper. The collections are posted to the accounting system at the end of the month when the outside consultant reconciles the bank statements.

- C) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

The agency provided a certified list of the highest (dollar) week of cash collections for each collection location. We verified the highest week was March 26, 2017 thru April 1, 2017, which was tested for the following:

- ▶ Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

The 1 fund was tested for deposits of collections. For the week tested, the fund did not make daily deposits. Deposits are made once a month.

- ▶ Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

The fund was tested for deposits of collections. All collections for the week tested had proper documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

The agency has no written policies or procedures to determine completeness of collections or revenue sources.

DISBURSEMENTS-GENERAL (EXCLUDING CREDIT CARD/DEBIT CARD/P-CARD PURCHASES OR PAYMENTS)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Agency provided a complete year to date general ledger for every fund and represented that the general ledgers were complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement

population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

A) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

The Indigent Defender Fund does not use a purchase order system. The District Defender has ultimate approval on all purchases.

B) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

The Indigent Defender Fund does not use a purchase order system. The District Defender has ultimate approval on all purchases.

C) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Of the disbursements selected to be tested, all were processed with all of the required support. The Indigent Defender Fund does not use purchase orders or requisitions.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Indigent Defender Fund uses quickbooks software which does not allow them to restrict any user from adding vendors. The outside consultant uses Sage-peachtree which does not allow them to restrict any user from adding vendors.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The bookkeeper prepares all checks and the District Defender signs all checks. The outside consultant prepares all of the bank reconciliations. The District Defender has ultimate approval on all purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those person that do not have signatory authority,

and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The unused checks are stored in a secure locked safe in the bookkeepers office. The bookkeeper and the office manager have keys to this office. The District Defender is the only authorized check signer, and he does not have a key to this office.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The 4th Indigent Defender Fund's office does not use a signature check stamp.

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

The agency provided me with a certified list of all active credit cards, fuel cards, etc.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

From the list in #14, 1 credit card (the only card the Indigent Defender Fund has) was randomly selected to test the following:

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- A) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

The office manager reviews all credit card statements and attaches proper support to the statement. The bookkeeper prepares the checks and the District Defender signs the check.

- B) Report whether finance charges and/or late fees were assessed on the selected statements.

For the card tested, there were no service charges or interest charges noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for the card selected (i.e. each of the cards should have one month of transactions subject to testing).

- A) For each transaction, report whether the transaction is supported by:

- ▶ An original itemized receipt (i.e., identifies precisely what was purchased)

All of the transactions tested had the original itemized receipts.

- ▶ Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

The transactions tested appear to be for business purposes.

- ▶ Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

There is no other documentation required for credit card purchases.

- B) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

There were no transactions on the credit card that required compliance with the public bid law. The agency had no written policies or procedures concerning purchases/disbursements during the test period.

- C) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases,

regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

For the card selected there was no evidence of Article 7, Section 14 violations.

TRAVEL AND EXPENSE REIMBURSEMENT

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

The agency provided me with a certified list of employees who received travel or related expense reimbursements during the testing period.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Agency has no written policy and procedures for travel. The transactions selected to test were compared to the U.S. General Services Administration policies. None of the agencies transaction rates tested exceeded the GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expense selected:

The 3 employees with the most travel costs during the test period were selected and tested for the following:

- A) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The agency had no written policies or procedures for travel, so amounts selected were compared to the GSA rates, no exceptions noted.

- B) Report whether each expense is supported by:

- ▶ An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

All travel reimbursements tested had original itemized receipts.

- ▶ Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

All travel reimbursements tested were determined to be for business purposes.

- ▶ Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No other documentation is required by the agency for travel reimbursements.

- C) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No violations of Article 7 Section 14 were noted during testing.

- D) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Travel reimbursements were not approved in writing by anyone other than the employee receiving the reimbursement.

CONTRACTS

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Agency provided a certified list of all contracts in effect during the test period.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices:

The contracts that were paid the most money were selected from the list of contracts from #20 and tested for the following:

- A) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Agency has a formal/written contract for all selected to be tested.

- B) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- ▶ If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- ▶ If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

For the contracts tested, none of them required compliance with the public bid law.

- C) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

None of the contracts selected were amended.

- D) Select the largest payment from each of the five contracts, obtain the supporting invoices, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

The contract payments that were tested were in compliance with the contract terms and conditions.

- E) Obtain/review contract documentation and board minutes and report whether there is a documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

This is not applicable to the Indigent Defender Fund.

PAYROLL AND PERSONNEL

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Agency provided a certified list of all employees with their authorized salaries. Five employees were selected to test the following:

- A) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

The 5 employees chosen were paid in accordance with the terms and conditions of their employment.

- B) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

All changes to the salaries of the 5 employees chosen were approved by the District Defender in writing.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- A) Report whether all selected employees/official documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Of the employees selected, all employees that are eligible to earn leave time documented their daily attendance. The agency tracks leave time earned and used, to make sure no excess leave time is taken. Employees are allowed to accumulate annual and sick leave time and are paid for up to 80 hours annual leave time upon termination. The employee is not paid for any accrued sick leave time upon termination.

- B) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Of the employees that were selected, there were no supervisors approval of the employees attendance and leave time. The office manager tracks time off on a calendar and maintains an individual schedule of annual and sick leave time earned and used.

- C) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

The agency prepares an annual schedule of leave time earned and used and tracks it manually on a spreadsheet.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Agency provided a list of employees terminated during the testing period. The agency certified that it was complete. There was one employee terminated during the test period. It was determined that their termination payment was in accordance with the policy - no exceptions noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

During testing of the agency it was determined that the 4th Indigent Defender Fund's office is submitting payroll taxes and required forms by the required deadlines. The Indigent Defender Fund is not a member of any retirement system.

ETHICS (EXCLUDING NONPROFITS)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report

whether the entity maintained documentation to demonstrate that required ethics training was completed.

Agency was unable to provided support for ethics training for the five randomly selected employees above. During the test period the Indigent Defender Fund did not require ethics training.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

There were no ethics violations reported to the Indigent Defender Fund's office during the test period.

DEBT SERVICE (EXCLUDING NONPROFIT)

The Indigent Defender Fund has no debt outstanding, therefore this section is not applicable.

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

The Indigent Defender Fund had no debt outstanding during the test period that required bond commission approval.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Indigent Defender Fund has no debt outstanding during the test period.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The Indigent Defender Fund has no debt outstanding, therefore, this does not apply.

OTHER

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The Indigent Defender Fund's office has no known misappropriation of funds during the test period.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

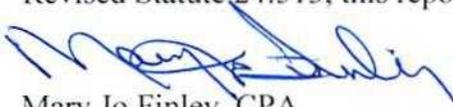
I observed the fraud hotline notice posted on the premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

There were no other exceptions noted during procedures.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is 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.



Mary Jo Finley, CPA
January 12, 2018



FOURTH JUDICIAL DISTRICT
PUBLIC DEFENDER OFFICE
PARISHES OF MOREHOUSE AND OUACHITA
P.O. BOX 3327
MONROE, LOUISIANA 71210

Telephone: 318-322-6643

Fax: 318-325-7814

WRITTEN POLICIES AND PROCEDURES

1. We have a necessary set of policies and procedures that are followed by the office that have not yet been recorded. The 4th District Public Defenders Office administration are preparing the proper documentation for the next testing period.

BANK RECONCILIATIONS

4. C) The 4th District Public Defenders Office administration are preparing the proper reconciliation procedures to resolve unreconciled items over six months for the next testing period.

COLLECTIONS

6. C) Daily deposits are not made due to losses in a cost to benefit ratio. Some days our office may bring in as little as five dollars which does not prove cost effective to pay an employee time and mileage to have it deposited that day.
7. The 4th District Public Defenders Office administration are preparing the proper documentation and procedures to determine the completeness of collections or revenue sources for the next testing period.

DISBURSEMENTS-GENERAL

9. B) The 4th District Public Defenders Office does not use a Purchase Order system. All purchases are requested through the District Defender and only with his approval is the actual check written or purchase made.
10. While QB itself was not set up to block the addition of vendors we don't use it for anything besides a check register. We have a single user who has to have all rights in order to maintain service. The responsibility of adding new vendors through direct

approval to the system is on the office manager and District Defender. The District Defender holds all final approval on payments, vendors, and purchases.

11. The District Defender does not have responsibility for initiating or recording purchases. He holds final approval and signature authority over payments.

TRAVEL AND EXPENSE REIMBURSEMENT

18. The 4th District Public Defenders Office administration are preparing the proper documentation in regards to policy and procedures for travel for the next testing period.
19. A) The 4th District Public Defenders Office administration are preparing the proper written policies for travel reimbursements.

D) The 4th District Public Defenders Office administration are preparing the proper procedures for travel reimbursement documentation, review, and approval for the next testing period.

PAYROLL AND PERSONNEL

23. B) The 4th District Public Defenders Office administration are converting our current standing policies on supervisor approval for attendance and leave time into a written format for submission in the next testing period.

ETHICS

26. The 4th District Public Defenders Office administration are working on providing the necessary ethics training and documentation for the next testing period.



Michael A. Courteau

District Defender

1/12/17