

COURT OF APPEAL, SECOND CIRCUIT

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued July 19, 2023

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Court of Appeal, Second Circuit

July 2023

Audit Control # 80230049

Introduction

The primary purpose of our procedures at the Court of Appeal, Second Circuit (Court) was to evaluate certain controls the Court uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds.

Results of Our Procedures

We evaluated the Court's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of the Court's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to cash, self-generated revenue, payroll expenditures, and non-payroll expenditures.

Cash

The Court maintains four bank accounts. The cash and investment balance at June 30, 2022, per the Court's Annual Fiscal Report, was \$2,319,868. We obtained an understanding of the Court's controls over cash and the bank accounts, evaluated segregation of duties, and reviewed bank statements and reconciliations for the months of November 2021, March 2022, June 2022, September 2022, and February 2023. We also selected and reviewed 10 deposits and 20 disbursements made between July 1, 2021, and February 28, 2023. Based on the results of our procedures, the Court had adequate controls in place to ensure timely preparation, review, and approval of bank reconciliations, and to ensure that deposits and disbursements were accurately recorded and adequately supported.

Self-Generated Revenue

The Court's operations are funded through appropriations and self-generated revenue from filing and copy fees authorized and determined by Louisiana Revised Statute (R.S.) 13:352, R.S. 13:86, R.S. 13:10.3, and the Court's Local Rule 4-1. We obtained an understanding of the Court's controls over self-generated revenue; reviewed a

listing of revenue transactions for the period from July 1, 2021, through February 28, 2023; and selected 10 self-generated revenue transactions from this list for testing. We also selected and examined the reconciliations of filing fee revenues recorded in the general ledger to the listing of cases entered in the automated case tracking system for the months of November 2021, March 2022, June 2022, September 2022, and February 2023. Based on the results of our procedures, the Court had adequate controls in place to ensure that filing fees were properly assessed, collected, deposited, and recorded in accordance with applicable policies and regulations.

Payroll Expenditures

Salaries and related benefits comprised approximately 83% of the Court's expenditures in fiscal year 2022. We obtained an understanding of the Court's controls over the time and attendance function and pay authorizations, including information technology access. We selected and reviewed 10 employee time statements, leave records, and pay rate authorizations from the period July 1, 2021, through February 28, 2023. Based on the results of our procedures, the Court had adequate controls in place to ensure time statements and leave requests were reviewed and approved, employees were paid the amounts authorized, and leave taken was accounted for properly.

Non-Payroll Expenditures

The Court incurred non-payroll expenditures for travel, operating services and supplies, capital outlay, and other purposes. We obtained an understanding of the Court's controls over non-payroll expenditures, including information technology access; reviewed a listing of expenditure transactions for the period from July 1, 2021, through February 28, 2023; and selected 20 transactions from this list for testing. Based on results of our procedures, the Court had adequate controls in place to ensure non-payroll expenditures were approved, adequately supported, made for proper business purposes, accurately recorded, and processed in accordance with applicable policies and regulations.

Trend Analysis

We compared the most current and prior-year financial activity using the Court's Annual Fiscal Reports and/or system-generated reports and obtained explanations from the Court's management for any significant variances.

Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Court of Appeal, Second Circuit (Court) for the period from July 1, 2021, through June 30, 2023. Our objective was to evaluate certain controls the Court uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of our procedures, which is summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review the Court's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The Court's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated the Court's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to the Court.
- Based on the documentation of the Court's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to cash, self-generated revenue, payroll expenditures, and non-payroll expenditures.
- We compared the most current and prior-year financial activity using the Court's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from the Court's management for any significant variances that could potentially indicate areas of risk.

The purpose of this report is solely to describe the scope of our work at the Court, and not to provide an opinion on the effectiveness of the Court's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purpose.