

# **COURT OF APPEAL, SECOND CIRCUIT**

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

**Procedural Report**  
**Issued July 30, 2025**

**LOUISIANA LEGISLATIVE AUDITOR  
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# Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Court of Appeal, Second Circuit

July 2025

Audit Control # 80250055

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## Introduction

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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

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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, non-payroll expenditures, and payroll expenditures.

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### Current-report Finding

#### Inadequate Controls Over Bank Reconciliations and Revenue Transactions

The Court did not timely complete, review, and approve bank reconciliations; did not make timely deposits of fee revenue; and did not record interest income on a certificate of deposit during fiscal years 2024 and 2025. Failure to timely prepare and review bank reconciliations, failure to timely deposit fee revenue, and failure to timely and accurately post transactions in the accounting system increases the risk that errors and/or fraud could occur and not be detected in a timely manner, and increases the risk of inaccurate financial reporting.

The following was noted as part of our procedures:

- In a review of 10 bank reconciliations for the Fee Fund and General Fund accounts, we noted 4 of the 10 (40%) reconciliations took more than 30 days after month end to prepare and review, ranging from 8 to 82 days.
- In a test of revenue deposits, we noted 8 of 10 (80%) fee revenue receipts took longer than one week to deposit, ranging from 12 to 71

days after receipt. The Court policy requires deposits be made once a week and daily if required.

- The Court did not record interest income on a certificate of deposit, resulting in an understatement of investments of \$32,340 and an understatement of interest income of \$11,070 for the fiscal year 2024 annual financial report.

Management has not developed effective internal controls to ensure that all bank reconciliations are completed and reviewed timely, that fee revenue is deposited timely, and that annual interest income is being recorded. Good internal controls require deposits be made timely and monthly reconciliation of bank balances to the accounting records, with supervisory review and approval in a timely manner. Good internal controls should also include a system of policies and procedures to ensure accurate and timely recording of transactions in the accounting records.

Management should ensure bank reconciliations are timely prepared, reviewed, and approved; deposits are made in a timely manner; and transactions are accurately and timely posted to its accounting system. Management concurred with the finding and provided a corrective action plan (see Appendix A).

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## **Cash**

The Court maintains four bank accounts, including one investment account, and one certificate of deposit. The cash and investments balances at June 30, 2024, per the Court's Annual Fiscal Report, totaled \$2,400,999. We obtained an understanding of the Court's controls over the bank accounts, evaluated segregation of duties, and reviewed bank statements and reconciliations. Based on the results of our procedures, except as noted in the Current-report Finding section, the Court had adequate controls in place to ensure timely preparation, review, and approval of bank reconciliations.

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## **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, 13:86, and 13:10.3, and the Court's Local Rule 4-1. Our procedures included a review of the Court's collection of fees during July 1, 2023 through February 28, 2025. Based on the results of our procedures, except as noted in the Current-report Finding section, the Court has adequate controls in place to ensure that filing fees were properly assessed, collected, deposited, and recorded in accordance with applicable policies and regulations, and duties were properly segregated.

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**Non-Payroll Expenditures**

We performed procedures on payments made during July 1, 2023 through February 28, 2025 to determine whether non-payroll expenditures complied with established policies and state regulations and were supported by receipts or other appropriate documents. Based on the results of our procedures, the Court had adequate controls in place to ensure that non-payroll expenditures were properly supported and processed in accordance with applicable policies and regulations.

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**Payroll Expenditures**

Based on the significance of payroll expenditures at the Court, we obtained an understanding of the Court's controls over the time and attendance function, and leave records. Salaries and related benefits comprise approximately 81.5% of the Court's expenditures in fiscal year 2024 and 83.7% for the first seven months of fiscal year 2025. We selected and reviewed 10 employee time statements, leave records, and pay rate authorizations from the period July 1, 2023 through February 28, 2025. Based on the results of our procedures, the Court had adequate controls in place to ensure time statements and leave requests were certified and approved, employees were paid the amounts authorized, and leave taken was accounted for properly.

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**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 R.S. 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

QM:AB:BH:BQD:aa

2NDCCA2025



# APPENDIX A: MANAGEMENT’S RESPONSE

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OFFICE OF THE CLERK

**Court of Appeal, Second Circuit**  
**State of Louisiana**

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KIM WEBB

July 2, 2025

Michael J. "Mike" Waguespack, CPA  
Legislative Auditor  
Baton Rouge, Louisiana

RE: Second Circuit Court of Appeal Response to the 2025 Annual Fiscal Report Audit  
Inadequate Controls Over Bank Reconciliation and Revenue Transactions

Dear Mr. Waguespack:

The Second Circuit Court of Appeal (the "Court") is in receipt of your audit report for the current audit of fiscal years 2024-2025 and the stated findings therein, in which we concur fully and completely.

The Court has taken the following corrective action regarding the following findings:

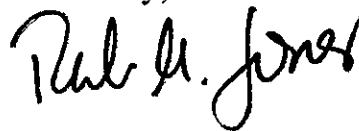
- 1) Failure to timely complete, review, and approve bank reconciliations: The BSM has changed to electronic banking to obtain bank statements and other information on a timelier basis, which will assist in completion, review, and approval of bank reconciliations. Furthermore, the current BSM is now aware of the necessity of strict timeliness in the completion of bank reconciliation, as is management. This corrective action has been taken immediately, and the Business Services department will adhere to the monthly schedule to ensure that such reports are completed no later than 30 days after receipt of the bank statements.

- 2) Failure to make timely deposits of fee revenue: The BSM acquired a deposit scanner, making the deposit of Court fees convenient and quicker. Thus, corrective action has been taken and will be ongoing.
- 3) Failure to record interest income on the Court's certificate of deposit during fiscal years 2024 and 2025: Online banking information has been updated, and the BSM now receives all electronic statements which report the accrual of all interest. After the finding by the Legislative Auditor, the correction action planned is for the deficiencies to be corrected and the interest to be recorded. Future reconciliation reports will reflect all accrued interest as it is reported. This corrective action has already been performed and ongoing.

For the future, management has developed effective internal controls to ensure that the deficiencies will cease to occur. The internal controls mainly consist of a strict adherence of supervisory review and strict calendaring of duties.

Thank you for the guidance offered by your office. We appreciate the opportunity to respond to your agency's findings. If you need further or necessary discussion, please contact me or Tiwana Simpson, Business Services Manager.

Sincerely,

A handwritten signature in black ink, appearing to read "Robin N. Jones".

Robin N. Jones

Clerk of Court/Judicial Administrator

Cc: The Honorable Francis J. Pitman, Chief Judge  
Ms. Tiwana Simpson, BSM

## APPENDIX B: SCOPE AND METHODOLOGY

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We performed certain procedures at the Court of Appeal, Second Circuit (Court) for the period from July 1, 2023, through June 30, 2025. 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, non-payroll expenditures, and 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.