

COURT OF APPEAL, SECOND CIRCUIT  
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
PROCEDURAL REPORT  
ISSUED JUNE 26, 2019

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Court of Appeal, Second Circuit

June 2019

Audit Control # 80190009

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## 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 to provide overall accountability over public funds.

## Results of Our Procedures

We evaluated the Court's operations and system of internal controls 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 on selected controls and transactions relating to cash, self-generated revenue, contract expenditures, and payroll expenditures.

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### Cash

The Court maintains an operating account, which is used for general operations, and a fee account for depositing self-generated fees. We obtained an understanding of the Court's controls over cash collections and bank reconciliations, selected disbursements and evaluated the segregation of duties between Court employees. 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 disbursements were properly authorized, made for proper business purposes, accurately recorded, and adequately supported.

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### Self-generated Revenue

The Court's operations are funded through appropriations and from self-generated revenues from filing and copy fees authorized and determined by Louisiana Revised Statute 13:352. The Court's filing fees fluctuate annually based on the number of cases filed from the lower courts. We selected and examined 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 August 2017, February 2018, June 2018, September 2018, and December 2018. Based on the results of our

procedures, the Court had adequate controls to ensure that self-generated revenue collections were timely deposited and properly recorded.

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## **Contract Expenditures**

The Court had two contracts in effect for the two years ending June 30, 2019, for security services and janitorial services. We obtained an understanding of the Courts' controls over contracts. We examined the contracts and contractors' invoices and timesheets for the months August 2017, February 2018, June 2018, September 2018, and January 2019. Based on the results of our procedures, the Court had adequate controls to ensure that payments were made in accordance of with the contracts, were paid from original invoices, and were for proper business purposes.

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## **Payroll Expenditures**

Salaries and related benefits comprised approximately 84% of the Court's expenditures in fiscal year 2018. The Court has employees located in the main office in Shreveport and satellite offices in Winnsboro, Farmerville, Monroe, and Tallulah. We obtained an understanding of the Court's controls over the time and attendance function and pay rate authorizations. We reviewed listings of employees' salaries for the two-year period ending June 30, 2019, as of December 15, 2018. For selected employees, we examined time sheets and leave records, pay rate authorizations, and recomputed the amount paid. Based on the results of our procedures, the Court had adequate controls in place to ensure that time and leave taken were timely approved and employee pay was properly authorized and recorded.

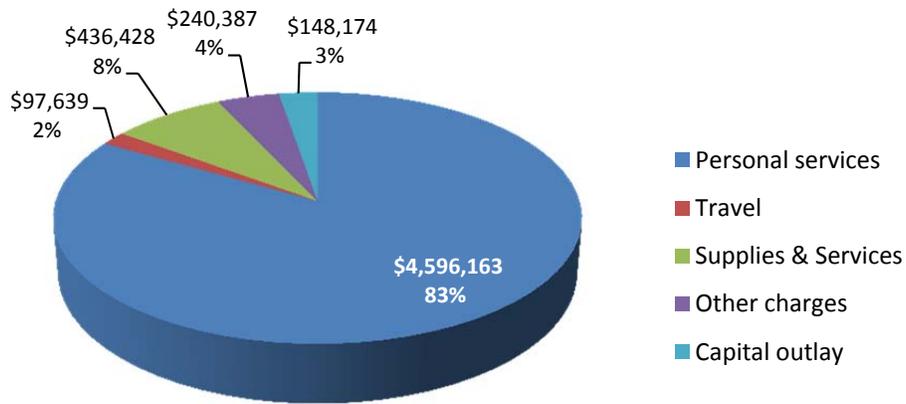
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## **Trend Analysis**

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.

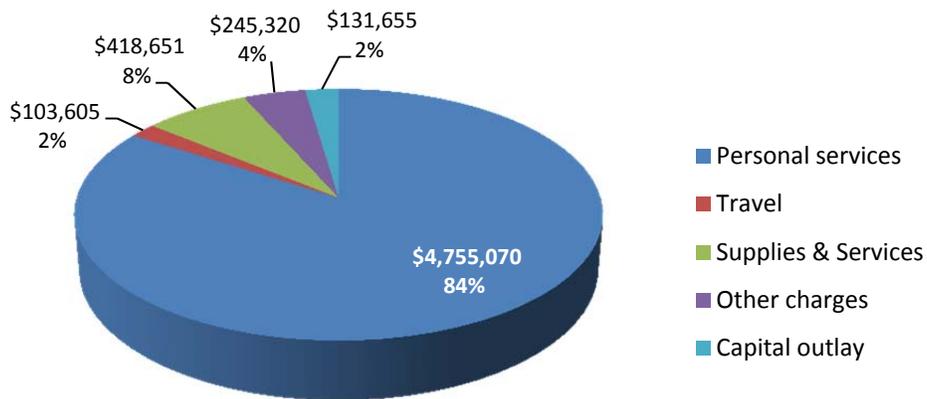
Revenues for fiscal year 2017 and 2018 totaled \$5,640,765 and \$5,804,174, respectively. Of these amounts, \$5,529,762 in fiscal year 2017 and \$5,707,610 in fiscal year 2018 were appropriated. We also presented the Court's expenditures for the fiscal years 2017 and 2018 for informational purposes (see Exhibits 1 and 2).

**Exhibit 1**  
**2017 Expenditures**  
**Total \$5,518,791**



Source: 2017 Annual Financial Statements

**Exhibit 2**  
**2018 Expenditures**  
**Total \$5,654,301**



Source: 2018 Annual Financial Statements

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is written in a cursive style with a large, stylized initial "D".

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

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2NDCCA2019

## APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Court of Appeal, Second Circuit (Court) for the period from July 1, 2017, through June 13, 2019. Our objective was to evaluate certain controls the Court uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide 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 controls 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 the results of our analytical procedures, we performed procedures on selected controls and transactions relating to cash, self-generated revenue, contract 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.