

COURT OF APPEAL, FIRST CIRCUIT

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued August 30, 2023

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Court of Appeal, First Circuit

August 2023

Audit Control # 80230025

Introduction

The primary purpose of our procedures at the Court of Appeal, First 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 the sale of property to retiring judges, self-generated revenue, payroll expenditures, travel expenditures, and information technology access.

Sale of Property to Retiring Judges

Louisiana Revised Statute (R.S.) 13:588 authorizes the Court to sell retiring judges their office furniture and equipment at a cost of the standard depreciated value of the property. The Court sold furniture and equipment to two judges who retired during the two-year period ending June 30, 2023. Based on our procedures, the Court had adequate controls in place to ensure that furniture and equipment were sold to retiring judges at the correct sales price in accordance with applicable laws and regulations, and the sale proceeds were deposited timely and properly recorded.

Self-Generated Revenue

The Court's operations are funded by state general fund appropriations through the Louisiana Supreme Court and self-generated revenue from filing and copy fees authorized and determined by R.S. 13:352, R.S. 13:10:3, and R.S. 13:86. 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 18 self-generated revenue transactions from this list for testing. Based on the results of our procedures, the Court had adequate controls in place to ensure that filing and copy fees were properly assessed, collected, deposited timely, and recorded in accordance with applicable policies and regulations. We also reviewed all applicable filing fees collected in December 2021 and determined the Court had adequate controls in place to ensure that appropriate amounts were remitted to the Judges' Supplemental Compensation Fund and the Judicial College Fund.

Payroll Expenditures

Salaries and related benefits comprise approximately 85% 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 rate authorizations. We tested a sample of time sheets for 16 employees from July 1, 2021, through March 31, 2023, to determine whether employees were paid at their authorized rates, time and attendance and leave records were properly authorized, and leave was accurately accrued. 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.

Travel Expenditures

We obtained an understanding of the Court's policies and procedures over travel expenditures and tested a sample of 16 travel expenditures for 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 that travel expenditures were approved, adequately supported, incurred for proper business purpose, accurately recorded, and processed in accordance with applicable policies and regulations.

Information Technology Access

The Court uses Sage accounting software to record revenue and expenditure transactions into the general ledger and to prepare the year-end information needed for its Annual Fiscal Report. We reviewed information technology access and determined access was restricted to business-need only and adequately segregated.

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, First 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 the sale of property to retiring judges, self-generated revenue, payroll expenditures, travel expenditures, and information technology access.
- 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.