

COURT OF APPEAL, THIRD CIRCUIT

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued May 15, 2023

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Court of Appeal, Third Circuit

May 2023

Audit Control # 80230014

Introduction

The primary purpose of our procedures at the Court of Appeal, Third 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. In addition, we determined whether management has taken action to correct the finding reported in the prior report.

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 self-generated revenue, payroll expenditures and non-payroll expenditures.

Follow-up on Prior-report Finding

We reviewed the status of the prior-report finding in the Court's procedural report dated September 8, 2021. We determined that management has resolved the prior-report finding related to Inadequate Controls Over Information Technology Expenditures.

Self-generated Revenue

The Court's operations are funded through appropriations and self-generated (non-appropriated) revenues from filing and copy fees authorized and determined by Louisiana Revised Statute (R.S.) 13:352, R.S. 13:86, and R.S. 13:10.3. Fees per the statutes range from fifty cents to \$300; however, R.S. 13:352 and R.S. 13:10.3 allow certain fee increases.

Self-generated revenues represent approximately 2% of the Court's total revenues for the fiscal year ended June 30, 2022. We performed a test of self-generated

revenues for a sample of 15 transactions from July 1, 2021, through February 28, 2023, to ensure fees were assessed in accordance with authorized rates and accurately recorded into the case management and accounting systems. Based on the results of our procedures, the Court had adequate controls in place to ensure that fees were properly assessed and recorded in the accounting system.

Payroll Expenditures

Based on the significance of payroll expenditures at the Court (approximately 85% of the Court's total expenditures for the fiscal year ended June 30, 2022), we tested a sample of 15 employees from July 1, 2021, through February 28, 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.

Non-Payroll Expenditures

Based on risks identified and to follow up on the prior-report finding, we tested a sample of 15 supplies, maintenance, information technology, and acquisition expenditures from July 1, 2021, through February 28, 2023, to determine whether transactions were properly authorized, supported, received, and recorded in the accounting system. Based on the results of our procedures, the Court has adequate controls in place to ensure non-payroll expenditures are authorized, supported, received and accurately recorded.

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

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Court of Appeal, Third Circuit (Court) for the period from July 1, 2021, through May 11, 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 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 results of our analytical procedures, we performed procedures relating to 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.