

COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED OCTOBER 13, 2021

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Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA

Court of Appeal, First Circuit



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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 on selected controls and transactions relating to cash, self-generated revenue, Coronavirus Aid, Relief, and Economic Security (CARES) Act reimbursements, payroll expenditures, travel expenditures, non-payroll expenditures, and information technology access.

Cash

The Court maintains an operating account and five other bank accounts. The cash balance as of June 30, 2020, per the Court’s Annual Fiscal Report, was \$4,357,484. We obtained an understanding of the Court’s controls over the bank accounts, evaluated the segregation of duties between Court employees, and reviewed selected bank statements and bank reconciliations. Based on the results of our procedures, the Court had adequate controls in place to ensure timely preparation, review, and approval of bank reconciliations.

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. We reviewed the Court’s collection of filing and copy fees from July 1, 2019, through March 31, 2021. Based on the results of our procedures, the Court had adequate controls in place to ensure that filing and copy fees were properly collected for the correct amount, deposits were accurate and timely, and that the transactions were properly recorded.

CARES Act Reimbursements

The Court incurred expenditures due to the COVID-19 pandemic that qualified for reimbursement from the Coronavirus Relief Fund, a program under the CARES Act. We obtained an understanding of the Court's controls over the expenditures and the reimbursement process and reviewed the records of approved payments received. We evaluated reimbursed expenditures against the criteria listed in the Coronavirus Relief Fund Guidance set forth by the U.S. Department of the Treasury, as well as state and local procurement laws and regulations. Based on the results of our procedures, the Court had adequate controls in place to ensure timely preparation, review, approval, and submission of qualified expenditures to obtain reimbursements and to ensure that the transactions were recorded accurately in the accounting system.

Payroll Expenditures

Salaries and related benefits comprise approximately 89% of the Court's expenditures in fiscal year 2020. We obtained an understanding of the Court's controls over the time and attendance function and pay rate authorizations. We reviewed selected employee time statements and leave records from July 1, 2019, through March 31, 2021. Based on the results of our procedures, the Court had adequate controls in place to ensure timely review and approval of employee time statements and leave requests, 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. We reviewed selected travel expenditures for the period July 1, 2019, through March 31, 2021. Based on the results of our procedures, the Court had adequate controls in place to ensure that travel expenditures were approved, made for proper business purposes, and properly reconciled to invoices and receipts; sufficient documentation was maintained to support travel expenditures; and travel expenditures were correctly recorded in the accounting system.

Non-Payroll Expenditures

We obtained an understanding of the Court's policies and procedures over non-payroll expenditures. We reviewed selected non-payroll expenditures for the period July 1, 2019, through March 31, 2021. Based on the results of our procedures, the Court had adequate controls in place to ensure non-payroll expenditures were approved, made for proper business purposes, and properly reconciled to invoices and receipts; sufficient documentation was maintained to support the expenditures; and non-payroll expenditures were correctly recorded in the accounting system.

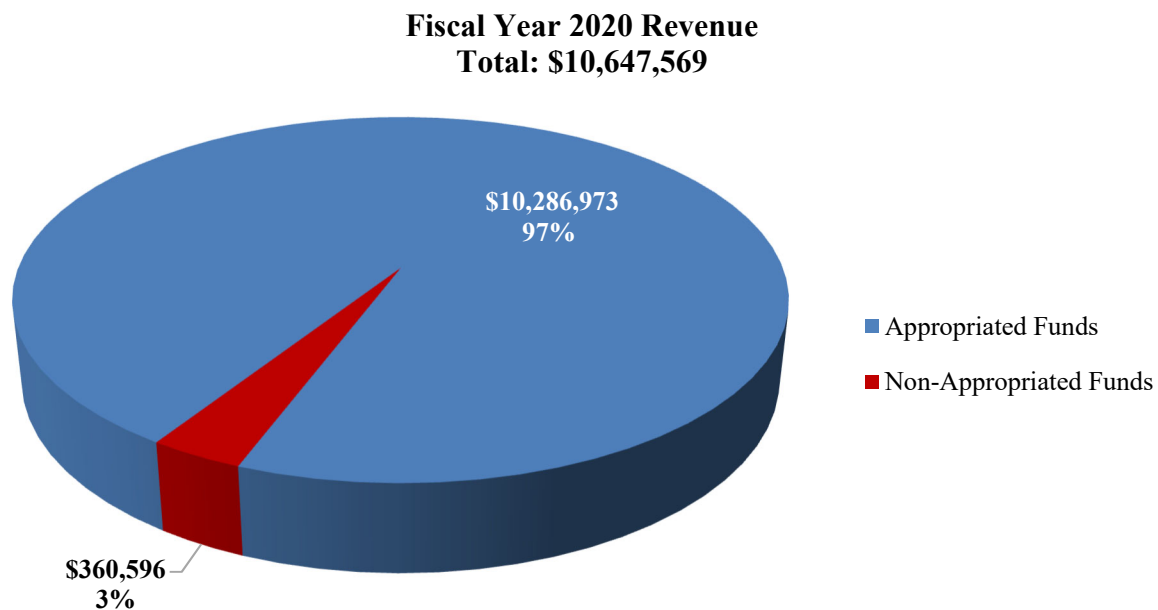
Information Technology Access

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 the Annual Fiscal Report. We performed procedures to determine whether information technology access was restricted to business-need only and access was adequately segregated. Based on the result of our procedures, the Court had adequate controls in place to ensure access was properly restricted and segregated.

Trend Analysis

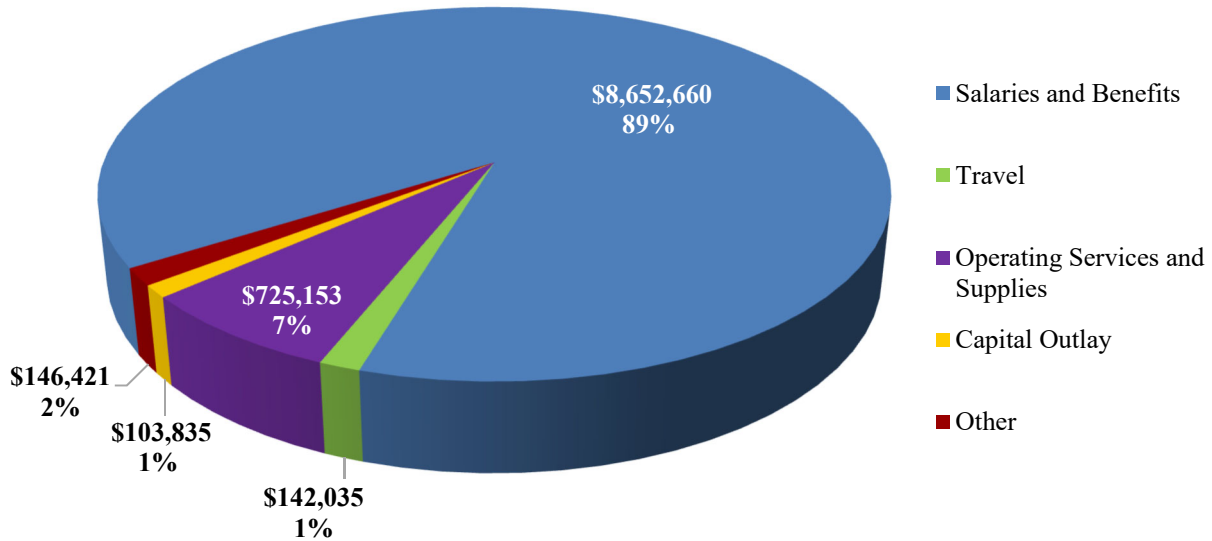
We compared the most current and prior-year financial activity using the Court's Annual Fiscal Reports and/or system-generated reports and obtained explanations from the Court's management for any significant variances. We also prepared an analysis of the Court's fiscal year 2020 revenues and expenditures.

The Court is funded with state general fund appropriations, fees in accordance with R.S. 13:352, and fees for the Judges' Supplemental Compensation Fund in accordance with R.S. 13:10.3(E). State appropriations and fees collected are used to fund salaries and related benefits, travel and conventions, operating services and supplies, professional services, and capital outlay. Salaries and related benefits are the most significant expenditures of the Court.



Source: 2020 Annual Fiscal Report

**Fiscal Year 2020 Expenditures
Total: \$9,770,104**



Source: 2020 Annual Fiscal Report

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, 2019, through June 30, 2021. 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 on selected controls and transactions relating to cash, self-generated revenue, CARES Act reimbursements, payroll expenditures, travel expenditures, non-payroll 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.