

COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED JULY 7, 2021

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Legislative Auditor

Michael J. “Mike” Waguespack, CPA



Court of Appeal, Fourth Circuit

July 2021

Audit Control # 80210046

Introduction

The primary purpose of our procedures at the Court of Appeal, Fourth 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 on selected controls and transactions relating to self-generated revenues, cash, CARES Act reimbursements, and non-payroll expenditures. In addition, we performed further analytical procedures relating to payroll expenditures.

Follow-up on Prior-report Finding

We reviewed the status of the prior-report finding in the Court’s procedural report dated May 15, 2019. We determined that management has resolved the prior-report finding related to Weaknesses in Controls over Self-Generated Revenues.

Self-generated Revenues

The Court’s operations are funded through appropriations and through self-generated revenues from filing and copy fees authorized and determined by Louisiana Revised Statute (R.S.) 13:352. Our procedures included a review of the Court’s collection of filing fees. Based on the results of our procedures, the Court had adequate controls in place to ensure that filing fees were collected for the correct amount, deposits were accurate and timely, and that the transactions were properly recorded.

Cash

The Court maintains four bank accounts. The cash balance as of June 30, 2020, per the Court's Annual Fiscal Report was \$3,824,431. We obtained an understanding of the Court's controls over the bank accounts, evaluated the segregation of duties between Court employees, and reviewed 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.

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, as well as any disallowances. 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 expenses to obtain reimbursements, and to ensure that the transactions were recorded accurately in the financial system.

Non-Payroll Expenditures

Based on risks identified at the Court, we performed procedures to determine that non-payroll related expenditures complied with established policies and state regulations. We also ensured that these expenditures 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 supported and were processed in accordance with applicable policies and regulations.

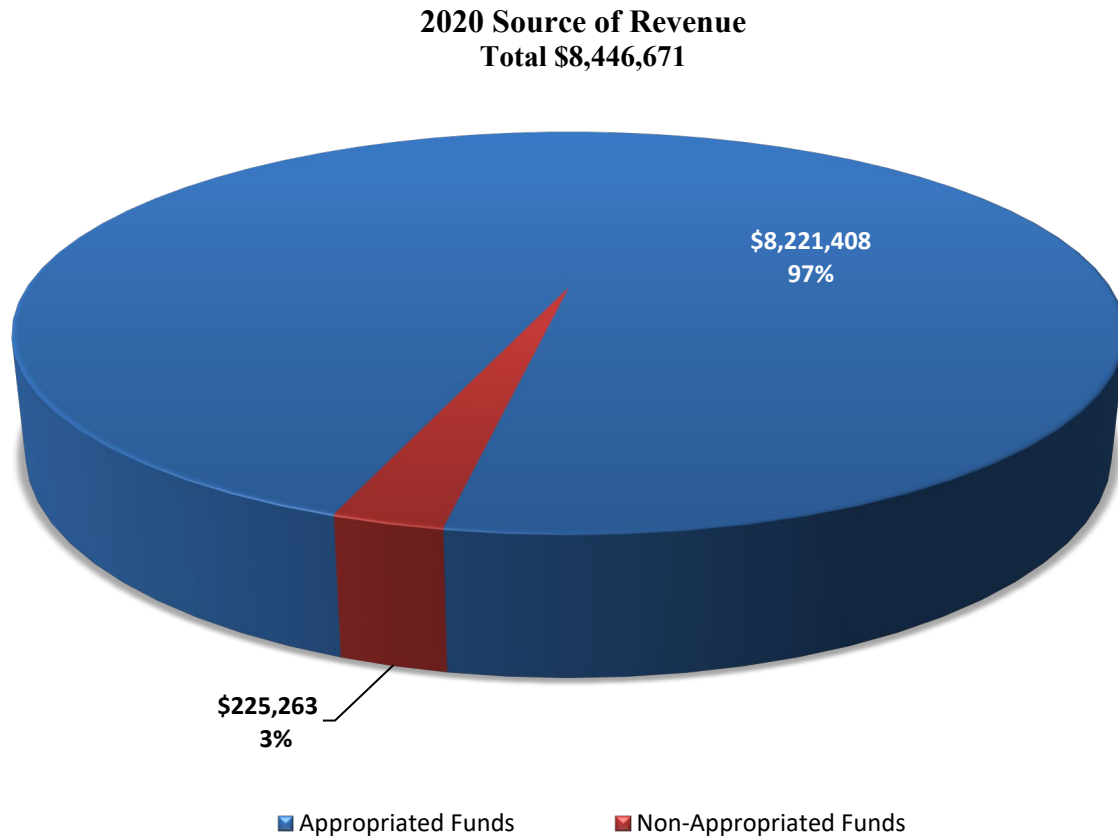
Payroll Expenditures

Based on the significance of payroll expenditures at the Court, we obtained an understanding of Court's controls over the time and attendance function, and leave records. We performed analytical procedures on payroll expenditures during fiscal year 2019 and fiscal year 2020 and obtained explanations from the Court's management for any significant variances. Based on the results of our procedures, we determined that noted variances in payroll expenditures were reasonable.

Trend Analysis

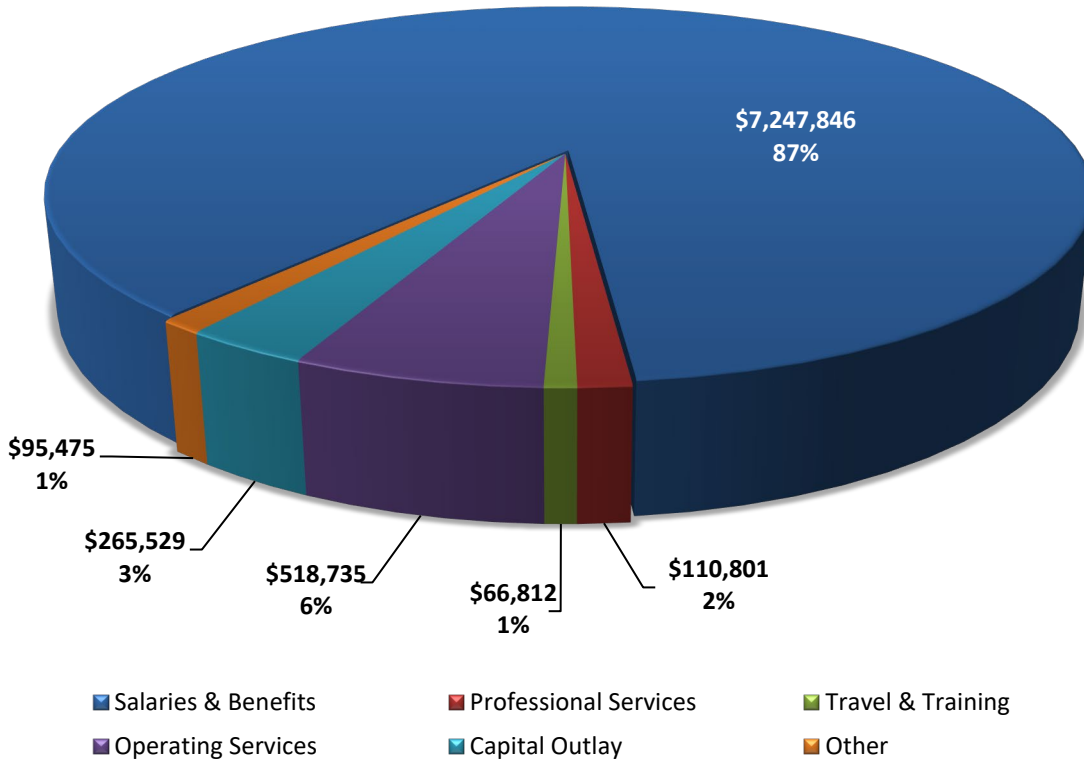
We compared the most current and prior-year financial activity using the Court’s Annual Fiscal Reports and/or system-generated reports and obtained explanations from the Court’s management for any significant variances. We also prepared an analysis of the Court’s fiscal year 2020 sources of revenues 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 supplies and services, professional services, and capital outlay. Salaries and related benefits are the most significant expenditures of the Court.



Source: 2020 Annual Fiscal Report

2020 Expenditures
Total \$8,305,198



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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4THCCA2021

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Court of Appeal, Fourth 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 self-generated revenues, cash, CARES Act reimbursements, and non-payroll expenditures. In addition, we performed further analytical procedures relating to 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.