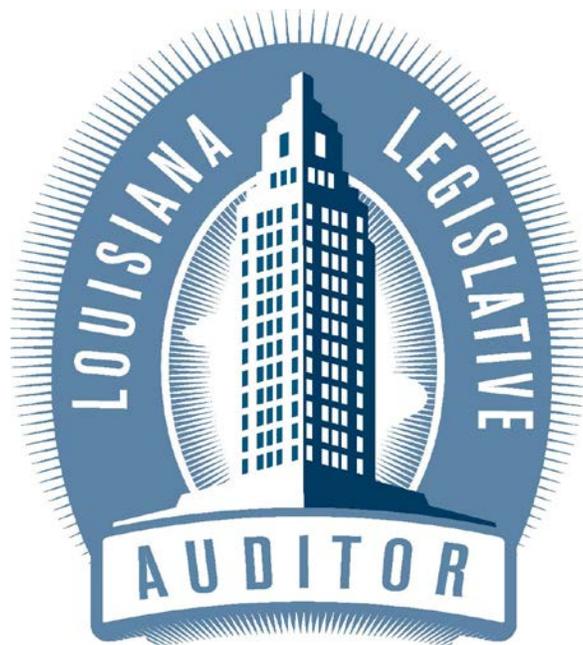


COURT OF APPEAL, THIRD CIRCUIT
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED APRIL 1, 2015

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

April 1, 2015

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Charles E. "Chuck" Kleckley,
Speaker of the House of Representatives
The Honorable Chief Judge Ulysses Gene Thibodeaux,
Court of Appeal, Third Circuit

Dear Senator Alario, Representative Kleckley, and Chief Judge Thibodeaux:

This report provides the results of our procedures at the Court of Appeal, Third Circuit (Court) for the period from July 1, 2013, through March 19, 2015. Our objective was to evaluate certain controls that the Court uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability for public funds. I hope the report will benefit you in your legislative and operational decision-making processes.

We would like to express our appreciation to management and staff of the Court for their assistance during our work.

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

RM:BH:WDG:EFS:aa

3RD CCA 2015

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Audit Control # 80150071

Court of Appeal, Third Circuit

March 2015

Introduction

The primary purpose of our procedures at the Court of Appeal, Third Circuit (Court) was to evaluate certain internal controls the Court uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability for public funds.

The Court is a part of the State of Louisiana reporting entity within the judicial branch of government and has criminal appellate jurisdiction, except in cases where the death penalty has actually been imposed, and civil appellate jurisdiction over 21 parishes in southwest and central Louisiana.

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 internal controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to non-appropriated revenue, payroll expenditures, travel expenditures, and non-payroll expenditures.

Non-appropriated Revenues - Fee Account

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 (R.S.) 13:352. Filing fees per the statute range from \$25 to \$100 and fifty cents per copy; however, R.S. 13:352 allows certain fee increases by a rule of court.

Our procedures determined that the Court had adequate controls in place to reconcile the case management system maintained by the clerk's office to fees collected, deposited, and recorded in the accounting system. Our procedures on civil cases determined that the Court had adequate controls in place to ensure that fees were properly assessed and paid or that cases were properly exempt from fees.

Payroll Expenditures

Based on the significance of payroll expenditures at the Court, we compared prorated annual salaries to salary expense at December 31, 2014, reviewed salaries for reasonableness based on job title, and reviewed changes in salaries for reasonableness. Salary expense at December 31, 2014, was reasonable based on these procedures

Travel Expenditures

Based on risks identified, we reviewed travel expenditures to ensure compliance with applicable state laws, rules, and regulations, as well as the Supreme Court's travel policy. We obtained an understanding of the Court's controls over travel transactions, and a sample of transactions from fiscal year 2014 and fiscal year 2015 through December 31, 2014, was tested for accuracy and compliance. Based on our procedures, the Court had adequate controls in place to ensure that travel expenditures were supported, within established limits, and were processed in accordance with applicable policies.

Non-payroll Expenditures

Based on risks identified, we reviewed several rental agreements for judge's satellite offices. Rental expenditures were in accordance with the agreements. We reviewed the detailed transactions in the unbudgeted contingency fund and determined that the expenditures were reasonable and consistent with the prior-year transactions and explanations provided during analytical procedures.

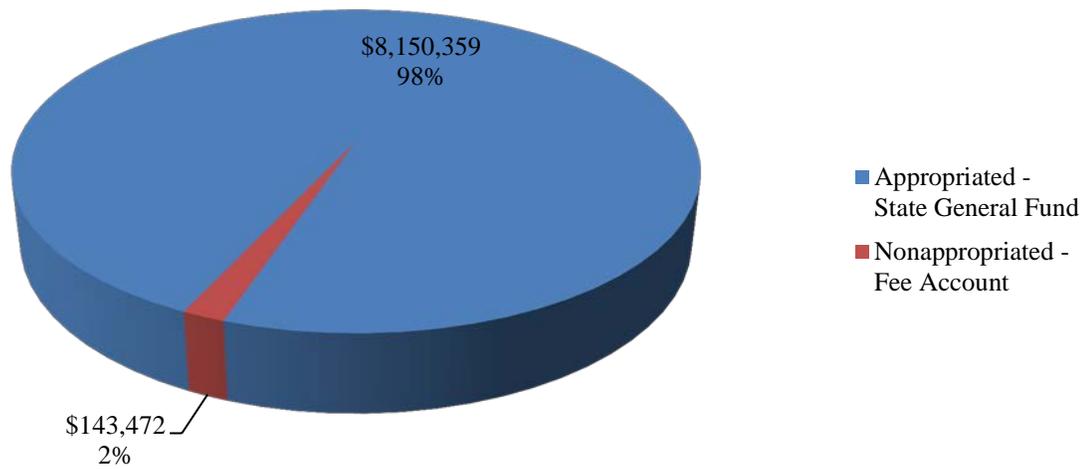
We reviewed payments by vendor and noted that the payments were consistent with explanations provided for our analytical procedures and were reasonable considering the purpose and function of the Court's procedures.

Trend Analysis

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 management for any significant variances that could potentially indicate areas of risk. Management provided reasonable explanations for all significant variances.

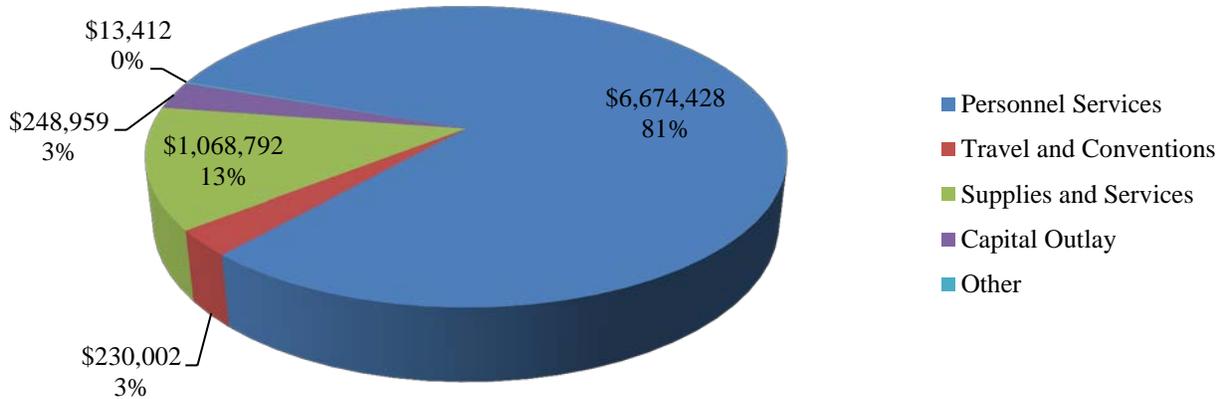
The Court is funded with state general fund appropriations, fees in accordance with R.S. 13:352, and fees for the Judges' Supplemental Compensation Fund in accordance with R.S. 13:10.3(E). State appropriations and fees collected are used to fund salaries and related benefits, travel and conventions,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

Fiscal Year 2014 Sources of Revenue
Total: \$8,293,831



Source: 2014 Annual Fiscal Report

Fiscal Year 2014 Expenditures
Total: \$8,235,593



Source: 2014 Annual Fiscal Report

Under R.S. 24:513, this report is a public document, and it has been distributed to appropriate public officials.

APPENDIX A: SCOPE AND METHODOLOGY

We conducted certain procedures at Court of Appeal, Third Circuit (Court) for the period from July 1, 2013, through March 19, 2015. Our objective was to evaluate certain internal controls the Court uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability for public funds. The scope of our procedures, which are 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, we performed procedures on salaries and vendor payments and performed procedures on selected controls and transactions relating to non-appropriated revenues, payroll expenditures, travel 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.