

SINGLE AUDITS OF SCHOOL BOARDS SIGNIFICANT AUDIT FINDINGS For the Year Ended 6/30/08

INTERNAL AUDIT REPORT

Audit Control Number 10-01
November 22, 2009



Issued: January 21, 2010

LOUISIANA DEPARTMENT OF EDUCATION
BUREAU OF INTERNAL AUDIT
Baton Rouge, LA

NOTICE

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the Superintendent of Education, members of the Board of Elementary and Secondary Education, and to other officials as appropriate or required by law. A copy of this report is available for public inspection in the Bureau of Internal Audit, Louisiana State Department of Education.



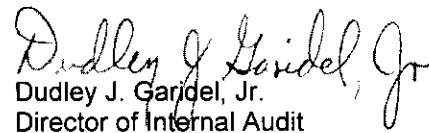
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January 21, 2010

Board of Elementary and Secondary Education
Mr. Paul G. Pastorek, Superintendent of Education
Louisiana Department of Education

Enclosed is the report on significant audit findings for single audits of school boards for the year ended June 30, 2008. If you have any questions, please contact us.

Respectfully submitted,


Dudley J. Garidel, Jr.
Director of Internal Audit

DJGJr

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EXECUTIVE SUMMARY

By verbal agreement with the United States Department of Education (USDOE) the Louisiana Department of Education (LDE) performs certain cognizant agency functions related to school board single audits in the State of Louisiana. As part of its responsibilities, the Bureau of Internal Audit (BIA) performs desk reviews of selected school board single audit reports. The audit reports are prepared by independent certified public accountants and forwarded to the BIA for review. The review is performed to determine compliance with Office of Management and Budget (OMB) Circular A-133 and other regulatory guidelines. Listed below is a summary of significant or notable findings relative to school board audits.

Noncompliance with State Laws and Regulations (page 2)

- Movable Property Accounting
- Timely Audit Report
- Criminal History Review
- Louisiana Budget Act
- School Activity Funds
- Public Bid Law
- Agreed Upon Procedures
- Seventy Percent Instructional Expenditures

Noncompliance with Federal Laws and Regulations (page 4)

- Title I
- Title 2
- Individuals With Disabilities Education Act (IDEA)/Special Education
- School Food Service
- Office of Management and Budget (OMB) Circular A-87
- Suspended/Debarred Vendors
- Maintenance of Effort
- Cash Management
- Timely Reimbursement Requests

SIGNIFICANT FINDINGS NOTED

For the year ended June 30, 2008, significant audit findings and the school boards associated with those findings of noncompliance or internal control weakness are as follows:

Noncompliance with State Laws and Regulations

Movable Property Accounting

Louisiana Revised Statutes require public entities to maintain adequate control and accountability over movable property.

<u>6th Consecutive Finding</u>	<u>3rd Consecutive Finding</u>	<u>1st Finding</u>
City of Baker	Calcasieu	Acadia
Jackson		

<u>5th Consecutive Finding</u>	<u>2nd Consecutive Finding</u>
East Feliciana	West Baton Rouge

Timely Audit Report

Louisiana Revised Statute 24:513 requires public and quasi-public organizations receiving state or federal assistance to obtain audit services and submit an audit report within six months from the end of the fiscal year.

1st Finding
Iberville

Criminal History Review

Louisiana Revised Statute 17:15 requires a criminal history review for any applicant or employee of a local school board or nonpublic school or school system.

1st Finding
Lafayette

Louisiana Budget Act

Louisiana Revised Statutes 17:88 and 39:1304-1310 require specific information on the notification, adoption, and amendments of budgets.

<u>1st Finding</u>	<u>1st Finding (cont)</u>	<u>1st Finding (cont)</u>
Allen	Concordia	Rapides
Beauregard	Jackson	St. Tammany
Bienville	Morehouse	Tangipahoa
Bossier	Ouachita	Washington
Cameron		

School Activity Funds

While School Activity Funds are not the property of the school boards, the boards maintain a fiduciary and monitoring responsibility for these funds. Louisiana Revised Statute 17:414.3 regulates the management, expenditure of, and accounting for School Activity Funds.

4th Consecutive Finding
Claiborne

1st Finding
Caldwell
Jackson
Pointe Coupee

Public Bid Law

The Public Bid Law outlined in Louisiana Revised Statute 38:2212 mandates certain procedures and requirements for procurement of high-dollar value goods and services.

3rd Consecutive Finding
Cameron

1st Finding
Calcasieu
East Feliciana
Jackson
Lafayette

2nd Consecutive Finding
East Carroll

Agreed Upon Procedures

Louisiana Revised Statute 24:514 requires the Certified Public Accountant conducting a School Board/District/System Single Audits to perform certain "agreed upon procedures". These procedures are related to School Board Performance and Statistical Data and are not normally part of an audit. The procedures are intended to assist users in evaluating management's assertions about performance and statistical data and determine whether specified schedules are free of obvious errors and/or omissions.

5th Consecutive Finding
East Carroll
St. Landry
St. Tammany
West Carroll

3rd Consecutive Finding
Assumption
Concordia
DeSoto
East Baton Rouge
Grant

2nd Consecutive (cont)
LaSalle
Plaquemines
Richland
Union
Vernon

4th Consecutive Finding
City of Baker
Claiborne
Franklin
Jackson
Lincoln

Morehouse
Webster
2nd Consecutive Finding
Caldwell
East Feliciana
Iberville

1st Finding
Cameron
Central Community
Madison
Terrebonne
Zachary Community

Seventy Percent Instructional Expenditures

Louisiana Senate Concurrent Resolution #142 of the 1993 Session requires at least seventy percent of General Fund expenditures be spent for instructional purposes.

5th Consecutive Finding
Jackson

1st Finding
Cameron

Noncompliance with Federal Laws and Regulations**Title I**

This federal award provides funds to enable school districts to improve the teaching and learning of children failing or most at-risk of failing and meet challenging State academic standards.

2nd Consecutive Finding
St. Landry
St. Mary

1st Finding
Beauregard

Title 2

This federal award provides funding to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools.

1st Finding
Iberville

IDEA/Special Education

This federal award provides the special education and related services needed to make a free appropriate public education available to all eligible children.

1st Finding
Calcasieu
Franklin

School Food Service

These federal awards provide funding to meet the nutritional requirements of eligible school children.

1st Finding
Caldwell
Union

Office of Management and Budget Circular A-87

This federal circular establishes certain administrative requirements for federal awards, which include, but are not limited to, allowable costs, accounting record requirements, and allocation of time to federal awards.

2nd Consecutive Finding
West Baton Rouge

1st Finding
Assumption
Beauregard

1st Finding (cont)
Cameron
East Feliciana
Winn

Suspended/Debarred Vendors

Under the OMB Circular A-133 Compliance Supplement, an entity is prohibited from contracting with vendors which have been suspended or debarred from conducting business with federal award programs. The entity must certify the vendor is not suspended or debarred from transactions expected to equal or exceed \$25,000.

1st Finding

Assumption

Maintenance of Effort

Certain federal programs require a continued minimum level of funding based on expenditures in the previous year(s), depending on the program.

1st Finding

Jackson

Cash Management

Federal regulations require entities receiving federal funds to establish reasonable procedures to manage federal cash balances and disbursements.

1st Finding

Beauregard

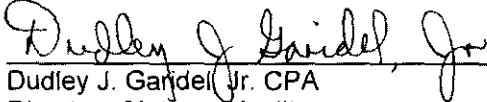
Timely Reimbursement Requests

The Code of Federal Regulations requires claims on federal awards be paid on a reimbursement basis. School districts are required to use general fund resources to pay costs of federal programs. The general fund receives refunds through the reimbursement process and must submit reimbursement claims in a timely manner in order to avoid causing a significant loss in interest revenue to the school board's general fund.

1st Finding

Assumption

By provisions of state law, this report is a public document. It has been distributed to appropriate public officials.


Dudley J. Gaidel, Jr. CPA
Director of Internal Audit