

SIGNIFICANT AUDIT FINDINGS - SINGLE AUDITS OF SCHOOL BOARDS & CHARTER SCHOOLS For the Year Ended 6/30/2021

INTERNAL AUDIT REPORT

Audit Control Number 23-02
September 1, 2022



Issued: October 12, 2022

**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.



LOUISIANA DEPARTMENT OF EDUCATION

October 12, 2022

Board of Elementary and Secondary Education (BESE)
Dr. Cade Brumley, Superintendent of Education
Louisiana Department of Education (LDOE)

Enclosed is the report on significant audit findings for single audits of school boards and charter schools for the year ended June 30, 2021.

Issues related to the COVID virus caused several boards and charters to request audit report submission deadline extensions from the Louisiana Legislative Auditor's (LLA) Office. Some audit reports may still have been outstanding as of the deadline date this report was submitted to be included in this month's BESE meeting.

Please contact me if you have any questions.

Respectfully submitted,

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

DJGJr

Distribution:

Board of Elementary and Secondary Education (11)
Dr. Cade Brumley, Superintendent of Education
Dr. Quentina Timoll, Chief of Staff
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EXECUTIVE SUMMARY

The Louisiana Department of Education (LDOE) performs certain federal cognizant agency functions related to school district (LEA) and charter school (charter) single audits. The audits are conducted by independent certified public accountants contracted by the school district or charter school governing boards. The Bureau of Internal Audit (BIA) performs desk reviews of these single audit reports to determine compliance with Office of Management and Budget (OMB) and other regulatory guidelines. In addition, the BIA compiles the significant audit findings reported and forwards the information to appropriate LDOE Divisions, and the Board of Elementary & Secondary Education (BESE), as contained herein.

Entities with repeated findings are noted as such by the Division of School System Financial Support (SSFS) in its annual risk assessment. These entities are assigned a higher risk rating due to the repeated findings, and, as a result, are more likely to be audited by the SSFS its annual audit process.

All reported findings related to federal programs administered by the LDOE must be resolved within 180 days of receipt. The Division of Program Monitoring is mandated to ensure such findings are resolved.

The BIA considers those cited areas posing the most risk to the school districts, charter schools, and the LDOE are those related to internal control weaknesses surrounding asset security and noncompliance with applicable laws and regulations. Such findings could result in loss of funds or assets and/or recapture of monies by the federal or other governmental entities.

The following is a listing of significant or notable findings for the year ended June 30, 2021:

Noncompliance with State Laws and Regulations (page 2)

- Agreed Upon Procedures
- Debt Service
- Donation/Gift of Public Funds
- School Activity Funds
- Fraud/Embezzlement/Theft

Noncompliance with Federal Laws and Regulations (page 7)

- Special Education/IDEA
- 2 CFR 200

Charter School Legend

Belle Chasse	Belle Chasse Academy
Elan	Elan Academy
French & Montessori	French and Montessori Education, Inc.
GEO Prep Academy	GEO Prep Academy of Greater Baton Rouge
GEO Prep MidCity	GEO Prep MidCity of Greater Baton Rouge
Glencoe	Glencoe Education Foundation
Hynes	Hynes Charter School Corporation
Inspire-EBR	Inspire Charter Academy – East Baton Rouge
James Singleton	James M. Singleton Charter Middle School
Lafayette Charter	Lafayette Charter Foundation, Inc
LA Achievement	Louisiana Achievement Charter Academies, Inc
Lycee´	Lycee´ Francais De La Nouvelle-Orleans
Pelican	Pelican Educational Foundation, Inc.
ReNew	Reinventing Education
South Louisiana	South Louisiana Charter Foundation, Inc.

SIGNIFICANT FINDINGS NOTED

For the year ending June 30, 2021 significant audit findings were determined based on our professional judgement during the review of annual single audit reports. The BIA believes findings posing the most risk to the school districts and charter schools are those related to internal control weaknesses surrounding asset security and noncompliance with applicable laws and regulations. Such findings could result in loss of funds or assets and/or recapture of monies by the federal or other governmental entities.

Based on the above, the school district/system/charter schools and associated significant findings, of noncompliance or internal control weakness are as follows:

Noncompliance with State Laws and Regulations

AGREED UPON PROCEDURES [AUP]

Criteria: Louisiana Revised Statute 24:514 requires the Public Accounting firm conducting a School Board/District/System/Charter School Single Audit to perform certain additional procedures. These procedures are related to School District Performance and Statistical Data and are not normally part of a single 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.

Finding: When the audit firms tested the AUP for compliance, the below listed entities had exceptions noted.

6th Consecutive

South Louisiana

5th Consecutive

French & Montessori

Inspire-EBR

Lafayette Charter

Lycee´

Pelican

4th Consecutive

Belle Chasse

Elan

GEO Prep Academy

GEO Prep MidCity

Glencoe

James Singleton

3rd Consecutive

Hynes

LA Achievement

Northshore

ReNew

Caddo

Catahoula

E Feliciana

Iberia

Iberville

Plaquemines

Pointe Coupee

Rapides

St Martin

St Mary

Tangipahoa

Tensas

W Baton Rouge

Zachary

Corrective Action: *All entities more or less indicated procedures would be developed or modified to ensure there would be no further occurrences of the errors found.*

DEBT SERVICE

Criteria: Louisiana Revised Statute 39:569 states the governing authority of a subdivision issuing bonds hereunder shall impose and collect annually, in excess of all other taxes, a tax on all property subject to taxation by the subdivision sufficient in amount to pay the interest annually or semiannually and the principal falling due each year, or such amount as may be required, for any sinking fund necessary to retire said bonds at maturity.

5th Consecutive

Webster

Webster Condition Based on Audit Report: “At June 30, 2021, Doyline District #7 has a deficit fund balance of \$993,346. In the current fiscal year, Doyline District #7’s ad valorem tax collections were not sufficient to cover current year’s debt service requirements, increasing the fund’s deficit fund balance by \$198,571 from the deficit of \$794,775 reported in prior year.”

Webster Corrective Action: “The district will increase the millage for 2022 and will continue to do until the issue is resolved.”

SCHOOL ACTIVITY FUNDS

Criteria: While School Activity Funds are not property of the LEA or charter schools, the entity maintains a fiduciary and monitoring responsibility for these funds. Louisiana Revised Statute 17:414 regulates the management, expenditure of, and accounting for School Activity Funds. The failure to properly maintain these monies might lead to fraud, waste, or abuse of public funds.

Finding: The school systems listed below had one or more individual schools which did not properly document or account for transactions in the school's activity fund(s). In every case, this was caused by a lack of proper internal control procedures in place at the affected school(s).

5th Consecutive

Lafayette

Rapides

St Landry

Lafayette Corrective Action: *“The School Board agrees with the finding and is continually updating the policies and procedures so that this issue can be resolved. Audits performed by the school accounting department along with external audits provide each school a review each year. In addition to audits several other steps have been implemented over the years. In 2015, an audit rating form was implemented and is being used to provide an overall rating to each school based on their audit results. Based on findings, ratings are assigned as follows: excellent, good, fair, unacceptable, and non-compliance. In 2016, performance objectives for principals were updated to include the audit ratings in the evaluation of the principals to increase accountability. In 2017, the school accounting department began reviewing some of the fundraisers as they were completed to assist the fundraiser sponsor with addressing any issues that may exist with their fundraiser reconciliation forms. Training continues to be provided when requested. In 2018, training videos were released that provide step-by-step instructions on the proper completion of fundraiser activity reconciliations. All sponsors of fundraisers are required to view the videos. Four account clerks were hired in 2019 to assist high school bookkeepers with fundraiser reconciliations. Training is being provided to these account clerks so that they will be able to assist with addressing fundraiser and class fee issues. Schools are being encouraged to add more fees to the online collection website to decrease the amount of cash collected on campus. The school accounting department will begin hosting a “refresher” training in addition to the annual training already provided. Tutorial videos that were created in 2018 will be updated and added to Public School Works to assist with assigning and tracking training completion. Administration has set a primary goal of all schools obtaining a “Fair” audit rating in fundraising and class fees areas”.*

Rapides Corrective Action: *“The Finance Department will continue to conduct meetings to review the procedures as outlined in the School Activity Funds Policies and Procedures Manual and emphasize the importance of following these Board*

approved procedures. In addition, Administration will conduct a meeting with the principal and secretary of Horseshoe Drive Elementary, Carter C Raymond Middle School, and Northwood High School to review the findings and discuss a plan of action to correct these findings in order to prevent future findings. Also, Administration will advise School Administration that failure to correct these findings could result in the finding being included as part of their observation.”

St Landry Corrective Action: *“The School Board performs routine audits of the school activity funds. In the past, school administrators allowed certain groups to spend funds that were not available to their group, which has created negative cash balances for some groups. All school administrators and bookkeepers have been informed of the proper procedures for spending school activity funds. Duties have been modified at the district level to allow for an additional school auditor. This will allow for more school audits during the year and a greater presence at the schools”.*

UNIFORM UNCLAIMED PROPERTY ACT

The Uniform Unclaimed Property Act of 1997 (Louisiana Revised Statute 9:151-181) applies to unclaimed property and wages or other compensation for personal services. Abandoned property or wages are to be reported annually and funds equal to the value of the property or wages are to be submitted to the Louisiana Department of Revenue.

4th Consecutive Tensas

Tensas Condition Based On Audit Report: “There were a number of stale-dated check being carried on the bank reconciliation”.

Tensas Corrective Action: “The School Board will implement the above corrective action immediately”.

FRAUD/EMBEZZLEMENT/THEFT

The following entities had one or more reported instances of fraud, embezzlement, or theft.

5th Consecutive St Landry St Martin

St Landry Condition Based On Audit Report: “The School Board distributed chromebooks to students to take home during the pandemic for virtual instruction. Approximately 900 of the 13,000 chrome books issued were not returned to the School Board at the end of the school year as required. As a result of efforts by School Board staff, approximately 166 chromebooks were recovered at the beginning of the 2021-2022 school year. As of report date, there are approximately 734 chromebooks that remain unaccounted for. The School Board should evaluate

security controls to ensure they are adequate and functioning properly and continue efforts to recover the unaccounted for chromebooks”.

St Landry Corrective Action: *“For chromebooks not returned as required, students were first contacted directly and asked to return the device. The devices were then turned off via Google admin with a message indicating that the device needed to be returned. Text messages from the Jcampus student information system were also sent out reminding parents to return the devices. The school staff has worked with local law enforcement to attempt to retrieve the devices. Law enforcement declined to issue police reports, but instead offered to make home visits to prompt the return of the devices. Once the 2021-2022 school year began, more devices were returned. School staff is continuing to work with parents and students to retrieve devices which continue to be located and brought in. At the time of this report, the School Board does not consider these unreturned chromebooks to be stolen”.*

St Martin Condition Based On Audit Report: *“In fiscal year ended June 30, 2016, an employee of the school board misappropriated funds from the administrative office. The employee was arrested in August 2016. The approximate amount of the misappropriation was estimated at \$17,338 as of June 30, 2016.*

In fiscal year ended June 30, 2017, Casey V. Broussard, CFO and Allen Blanchard, Jr., Director of Personnel contacted the St. Martin Parish Sheriff’s Office, the Sixteenth Judicial District Attorney's Office, and the Legislative Auditor's Office. The case is being handled by the District Attorney's Office. The defendant pled guilty on April 24, 2017. She was sentenced to serve three years of hard labor, which was suspended, and she was placed on supervised probation for a period of five years. The defendant has paid very little restitution. The school board is still owed funds of approximately \$14,895. The former employee has until April 24, 2022 to make full payment.

Although the finding was not completely resolved as of June 30, 2021, the only "open" component of the matter is the restitution owed to the school board”.

St Martin Corrective Action: *“Mr. Anthony Polotzola, Supervisor of Human Capital and Athletics, contacted the District Attorney’s Office (DA’s Office) to discuss this matter. The DA’s Office intends to bring this matter back to court for nonpayment. A docket date has not yet been set. Management will continue to monitor the collection of the restitution owed to the school board”.*

Noncompliance with Federal Laws and Regulations

Federal programs contain eligibility requirements which must be met in order to allow and/or continue participating in a program. Such requirements vary depending on the program.

2 CFR 200

Title 2 Code of Federal Regulations Part 200 (2 CFR 200) Uniform Guidance establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards to non-Federal entities.

4th Consecutive

Iberville

Iberville Condition Based On Audit Report: “Uniform Guidance section 200.510 requires the auditee to prepare a SEFA. Material adjustments were made to the original Schedule of Expenditures of Federal Awards (SEFA) prepared by the School Board”.

Iberville Corrective Action: *“To ensure financial accuracy, procedural changes to the preparation of the SEFA will be made immediately, The Grants Manager, Mindy Boudreaux, will prepare the SEFA, and it will be reviewed for accuracy and completeness by the Chief Financial Officer, Jordan Clements. This procedural update has been agreed upon and will be implemented immediately in preparation of the next fiscal close”.*

SPECIAL EDUCATION/IDEA

This federal award provides the special education and related services needed to make a free appropriate public education available to all eligible children. Noncompliance could lead to recapture of those monies and possible disqualification from further participation by the federal government.

3rd Consecutive

E Carroll

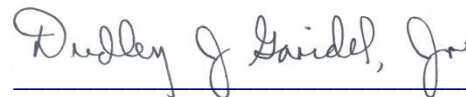
E Carroll Condition Based On Audit Report: Louisiana Department of Education identified East Carroll Parish as significantly disproportionate in the identification of intellectual disabilities of Black or African American with a risk ratio of 4. A plan was submitted by the School Board to address the factors contributing to the significantly disproportionality. Fifteen percent of IDEA Part B Funds were budgeted for the plan (\$39,292), but only \$6,901 was spent.

E Carroll Corrective Action: *“East Carroll Parish will spend the allocated funding for disproportionality as directed through the budget for 2021-2022. Monitoring of the*

funds will be done by Special Education Supervisor. The funds will be spent on after school tutoring and summer school.”

Public Document

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



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