

**SIGNIFICANT AUDIT FINDINGS -
SINGLE AUDITS OF SCHOOL BOARDS &
CHARTER SCHOOLS
For the Year Ended 6/30/2022**

INTERNAL AUDIT REPORT

Audit Control Number 24-02
July 17, 2023



Issued: October 11, 2023

**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 11, 2023

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, 2022.

Issues still related to damaging weather and 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 were outstanding as of the deadline date this report was submitted.

Please contact me if you have any questions.

Respectfully submitted,

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

DJGJr

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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 as part of its annual audit process.

All reported findings related to federal programs administered by the LDOE must be resolved within 180 days of receipt. The Office of Federal Support & Grantee Relations (FSGR) - Division of Statewide Monitoring is mandated to ensure such findings are resolved.

The BIA considers the 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, 2022:

Noncompliance with State Laws and Regulations (page 2)

- Agreed Upon Procedures
- School Activity Funds
- Uniform Unclaimed Property Act

Noncompliance with Federal Laws and Regulations (page 4)

- 2 CFR 200
- Cash Management

Charter School Legend

| | |
|-----------------|--|
| Advantage | LA Achievement Charter Academies dba Advantage Charter |
| Audubon | French & Montessori dba Audubon Charter |
| Ben Franklin | Advocates for Academic Excellence dba Ben Franklin |
| Bricolage | Bricolage Academy |
| Discovery | Discovery Health Sciences Foundation |
| Elan | Elan Academy |
| Fannie Williams | Community Leaders – Fannie C. Williams Charter |
| GEO Academy | GEO Prep Academy of Greater Baton Rouge |
| GEO MidCity | GEO Prep Mid-City of Greater Baton Rouge |
| GEO Next | Geo Next Generation High School |
| 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 | Lafayette Charter Foundation, Inc. |
| LaKey | Louisiana Key Academy |
| Legacy | Legacy Charter dba Ben Franklin Elementary |
| Lusher | Advocates for an Arts-Based Education dba Lusher Charter |
| Lycee´ | Lycee´ Francais De La Nouvelle-Orleans |
| New Beginnings | New Beginnings Schools Foundation |
| Northshore | Northshore Charter |
| Pelican | Pelican Educational Foundation, Inc. |
| ReNew | Reinventing Education Charter |
| South Louisiana | South Louisiana Charter Foundation, Inc. |

SIGNIFICANT FINDINGS NOTED

For the year ending June 30, 2022 significant audit findings were determined based on our professional judgement during our review of annual single audit reports issued by independent public accounting firms. 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.

7th Consecutive

South Louisiana

6th Consecutive

Audubon
Inspire-EBR
Lafayette
Lycee’
Pelican

5th Consecutive

Elan
GEO Academy
Glencoe

4th Consecutive

GEO MidCity
Hynes
Advantage
Northshore
ReNew
Caddo
Catahoula
E Feliciana
Iberville
Plaquemines
Pointe Coupee
Rapides
St Martin
St Mary
Tensas
Zachary Community

3rd Consecutive

Ben Franklin
Lusher
Bricolage
Fannie Williams
Discovery
GEO Next
Legacy
LaKey
New Beginnings
Ascension

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.

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).

6th Consecutive

Rapides
St Landry

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.

5th Consecutive

Tensas

Tensas Condition Based on the Audit Report: “Good internal control requires that older reconciling items on a bank reconciliation be investigated to ensure they are proper. There were a number of stale-dated check being carried on the bank reconciliation”.

Tensas Corrective Action: “The School Board will implement the auditor’s recommendation.”

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

3rd Consecutive

Ascension

Iberville Condition Based on the Audit Report: “All contracts made by the non-federal entity under the Federal award must contain certain provisions as Uniform Guidance section 200.510 requires the auditee to prepare a Schedule of Expenditures of Federal Awards (SEFA). All contracts executed during the fiscal year by the School Board for Special Education therapy services did not contain the language required by Appendix II of Part 200 of Uniform Guidance.”

Iberville Corrective Action: “The CFO intends to develop acceptable policies and procedures regarding compliance with all federal agencies or entities regarding contracts, in particular the provisions of Appendix II of Part 200 of Uniform Guidance. The CFO plans to share the policies with all departments who might be signing contracts on behalf of the IPSB using federal funds to ensure compliance with the policies.”

Ascension Condition Based on the Audit Report: “Four vendors with expenditures totaling \$451,259 were selected for testing. We noted one of the vendor selected for testing was deemed to be a sole source provider of hardware and software equipment by the School Board totaling \$45,000. A sole source letter was obtained from the vendor, which outlined the uniqueness of the goods and services to be provided. However, it was determined that School Board did not appropriately follow the process for reviewing a sole source provider, per their federal procurement policy. Additionally, the form used by the School Board to document the justification of a sole source vendor was deemed insufficient for the following reasons: (1) an adequate analysis or comparison of like products was not properly completed and (2) the request form was not approved (i.e. no signature) by the purchasing department. For the remaining three vendors selected, we noted that payments were made for professional service in excess of procurement thresholds under Uniform Guidance which were not properly procured.”

Ascension Corrective Action: “Internal controls over procurement to sole source or professional services vendors, with which the Special Education Department enters into contracts will be strengthened with the Supply Chain Department by doing the following:

- *The Supply Chain Department will ensure appropriated consideration to competitors are given and adequate documentation is obtained with respect to procurement of professional services and sole source products in accordance with the Uniform Guidance 2 CFR section 200.320(f).*
- *Additionally, the documentation will be approved by the Director of Special Education as the Supervisor of Supply Chain, and retained as evidence of the internal controls over procurement.”*

CASH MANAGEMENT

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

3rd Consecutive

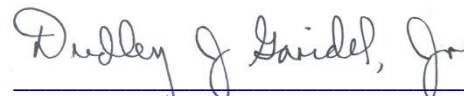
Pointe Coupee

Pointe Coupee Condition Based on the Audit Report: “The Net Cash Resources should be below the 3 Months’ Average Expenses for the federal program. The School Board maintained Net Cash Resources in excess of the 3 Months’ Average Expenses at June 30, 2022.”

Pointe Coupee Corrective Action: “We have been and are budgeting to spend more money in 2023 than we have collected or will collect in revenues. We are anticipating a deficit in 2023 for the Child Nutrition Program. This will cause our Net Cash Resources to decrease.”

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