

SIGNIFICANT AUDIT FINDINGS - SINGLE AUDITS OF SCHOOL BOARDS & CHARTER SCHOOLS For the Year Ended 6/30/2023

INTERNAL AUDIT REPORT

Audit Control Number 25-02
August 1, 2024



Issued: October 9, 2024

**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.

DR. CADE BRUMLEY
STATE SUPERINTENDENT



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LOUISIANA DEPARTMENT OF EDUCATION

October 9, 2024

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, 2023.

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. As of September 3, 2024, there were seven school district and two charter school single audit reports still outstanding for the year ended 6/30/2023.

Please contact me if you have any questions.

Respectfully submitted,

A handwritten signature in blue ink that reads "Dudley J. Garidel, Jr." The signature is written in a cursive style.

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 in accordance with the Louisiana State Audit Law. 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. The BIA also 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 Office 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 Operations – Division of Federal Support & Grantee Relations (FSGR) - 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, 2023:

Noncompliance with State Laws and Regulations (page 2)

- Agreed Upon Procedures
- Fixed Asset/Movable Property Accounting
- General Fund Deficit
- School Activity Funds

Noncompliance with Federal Laws and Regulations (page 5)

- 2 CFR 200
- Cash Management

Charter School Legend

Advantage	LA Achievement Charter Academies dba Advantage Charter
Ben Franklin	Advocates for Academic Excellence dba Ben Franklin
Bricolage	Bricolage Academy
Community	Community Academies - NOLA
Fannie Williams	Community Leaders – Fannie C. Williams Charter
Discovery	Discovery Health Sciences Foundation
UView	Foundation for Louisiana Students – University View
GEO Academy	GEO Prep Academy of Greater Baton Rouge
GEO Next	Geo Next Generation High School
GEO Prep	GEO Prep Academy of Greater Baton Rouge
Glencoe	Glencoe Education Foundation
Hynes	Hynes Charter School Corporation
Inspire	Inspire Charter Academies – East Baton Rouge
James Singleton	James M. Singleton Charter Middle School
Lafayette Charter	Lafayette Charter Foundation, Inc.
LaKey	Louisiana Key Academy
Lycee	Lycee Francais De La Nouvelle-Orleans
Northshore	Northshore Charter
Pelican	Pelican Educational Foundation, Inc.
ReNew	Reinventing Education Charter
Young	Young Audiences Charter School

SIGNIFICANT FINDINGS NOTED

For the year ending June 30, 2023 significant audit findings were determined based on our professional judgement during the reviews 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.

NOTE: Entities with 4 or more consecutive years of AUP findings should be considered as systemically failing in the ability to properly record Performance and Statistical required by Louisiana Revised Statute 24:514.

7th Consecutive

Inspire-EBR

Lycee

Pelican

6th Consecutive

GEO Prep

Glencoe

5th Consecutive

Advantage

Hynes

Northshore

ReNew

Caddo

Catahoula

E Feliciana

Plaquemines

Pointe Coupee

St Martin

St Mary

Tensas

4th Consecutive

Ben Franklin

Bricolage

Fannie Williams

Discovery

GEO Next

LaKey

Ascension

3rd Consecutive

Community

UView

E Carroll

Washington

Webster

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.*

FIXED ASSET/MOVABLE PROPERTY ACCOUNTING

Criteria: Louisiana Revised Statutes require public entities to maintain adequate control and accountability over movable property. The inability of an entity to properly account for such assets might lead to an unfavorable audit opinion for the entity's annual audit or the recapture of grant monies by the federal or other government entities.

3rd Consecutive

Iberville

Iberville Condition Based on the Audit Report: "Capital asset reports were not reconciled to the accounting records at year end resulting in material audit adjustments. Additionally, retainage payable for some of the projects had not been included in the construction in progress schedule nor had they been accrued in the accounting records.

Iberville Corrective Action: *"The Property Control Accountant, Terryn Simon, will reconcile the fixed assets to the accounting records to ensure all assets are accounted for the Chief*

Financial Officer is responsible for accurately reporting the Construction in Progress (CIP) Schedule and will ensure that the CIP is accurate and complete.”

GENERAL FUND DEFICIT

Criteria: The entity below incurred a General Fund deficit as of year-end. Such a condition indicates a deficiency of available funding or lack of adequate management oversight for spending.

6th Consecutive

Lafayette Charter

Lafayette Charter Corrective Action: *“Currently, the Foundation does not have any plans to restructure debt, dispose of assets, or obtain additional funding sources. It may however, upon approval of their management company, delay payments to the management company should the Foundation have an immediate cash need. For the 2023/2024 school year, the Foundation has increased its enrollment by over 1,000 students over 2022/2023 enrollment. The Foundation continues to focus on increasing enrollment.”*

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 system(s) 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).

7th Consecutive

Rapides

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 the cited schools 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.”*

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

Criteria: 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

Ascension

Iberville

Ascension Condition Based on the Audit Report:

1. “The dollar amount of federal awards expended for the Disaster Grant – Public Assistance was not reported accurately on the prepared schedule provided by management.”
2. “Five vendors with expenditures totaling \$654,205 were selected for testing. We noted one of the vendors selected for testing was deemed to be a sole source provider of reading teacher support packages by the School Board totaling \$84,880. 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 and documentation a sole source provider, per their federal procurement policy. **This is a partially repeated finding from the prior fiscal year.** For the five vendors selected for testing over suspension and debarment, the School Board asserts it checked the sam.gov website and none of the vendors were suspended or debarred. Our testing confirmed that these five vendors were not suspended or debarred. However, documentary evidence that a vendor was not suspended or debarred was not maintained in the School Board’s records.”
3. “Out of the 25 approved daycare/childcare facilities, we selected a sample of 13 to test the established controls over program compliance. This was a non-statistical sample. The School Board was unable to provide MOUs for 8 out of the 13 vendors selected in our testing. While expenditures are reviewed and approved for each request submitted and our testing did not reveal any non-compliance with program regulations, established policies and procedures were not followed by the School Board.”
4. “Out of the 28 reports filed, we selected a sample of 9. This was a non-statistical sample. While reports were all filed, 4 out of the 9 were not filed within the 15-day deadline. The number of days late after the reporting deadline ranged between 18 and 125 days.”

Ascension Corrective Action:

1. *“2023-001-Preparation of the Schedule of Expenditures of Federal Awards . [sic] The Business Services Department will strengthen the preparation of the SEFA by doing the following:*
 - *The Business Services Department will work with CSRS to ensure the FEMA funded projects are reported correctly on the SEFA.”*

2. *“2023-002- Compliance [sic] and Internal controls over Procurement- Sole Source and Suspension and Debarment. The Special Education Department entering into contracts will be strengthened with The Supply Chain Department by doing the following:*
 - *The Supply Chain Department [sic] will ensure appropriate 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(1).*
 - *Additionally, the documentation will be approved by the Director of Special Education as well as the Supervisor of Supply Chain and retained as evidence of the internal controls over procurement.”*
3. *“2023-003-Internal Controls over Allowable Cost. The Early Childhood Department will strengthen the preparation of the SEFA by doing the following:*
 - *The Early Childhood Director retired in February. The new Director will work with daycare/childcare facilities to ensure the Memorandum of [sic] Understanding is [sic] completed and approved. Early Childhood Department will keep a copy for their records.”*
4. *“2023-004-Internal [sic] Controls and Timeless of Reporting- The Business Services Department will strengthen their internal controls by doing the following:*
 - *The Business Services Department will ensure reports are submitted in a timely manner.*
 - *The Director and Senior Accountant will work with Grants Accountant [sic] with any issues that may arise that prevents timely submission.”*

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.

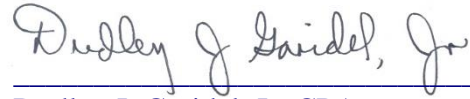
Out of the 8 vendors, a sample of 2 was selected for testing. This was a nonstatistical sample. The sample consisted of one contract for services and one for equipment. The only contract executed during the fiscal year by the School Board for services did not contain the language required by Appendix II of Part 200 of Uniform Guidance. There were no other service contracts in the population.

This is a repeat finding from prior year. See 2022-004.”

Iberville Corrective Action: “The Superintendent, Louis Voiron, Jr., has mandated that all contracts entered into by the District follow the Uniform Guidance for federal procurement. The exact language has been shared with staff and is being used in all contracts.”

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