

RISK ASSESSMENT FISCAL YEAR 2000-2001

PROJECT REPORT

Audit Control Number 01-02
December 29, 2000



Issued: December 29, 2000

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 at the Louisiana State Department of Education.

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STATE OF LOUISIANA
DEPARTMENT OF EDUCATION
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December 29, 2000

Board of Elementary and Secondary Education
Mr. Cecil J. Picard, Superintendent of Education
Louisiana Department of Education

Enclosed is our risk assessment of the Department's programs for the year 2000 – 2001. This project was undertaken in order to develop a long-term audit plan for the Department. If you have any questions, please contact us.

Respectfully submitted,

A handwritten signature in cursive script, reading "Dudley J. Garidel, Jr.", is positioned above the printed name.

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

DJGJr

Attachment

Distribution:

Board of Elementary and Secondary Education (11)
Mr. Cecil J. Picard, Superintendent
Ms. Carole Wallin, Deputy Superintendent of Education
Ms. Marilyn J. Langley, Deputy Superintendent of Management and Finance
Ms. Mary L. (Weegie) Peabody, Executive Director, BESE
Mr. George Silbernagel, House Appropriations Committee
Mr. Grover C. Austin, Office of the Legislative Auditor
Mr. Bill Lynch, Office of the State Inspector General

EXECUTIVE SUMMARY

This document contains an audit risk assessment for the Louisiana Department of Education (SDE). The main objective of assessing risk exposure is to identify (in as objective a manner as possible) those areas considered essential to SDE operations when developing an audit plan and reasonably ensure activities with the greatest risk are audited. This strengthens the audit planning and scheduling process; however, this is not intended to replace professional judgement, but, rather, to supplement it.

The risk assessment and audit planning process consists of the following four basic steps:

1. Develop a method to identify potential audit area or processes/functions.
2. Identify potential audit areas.
3. Assess risk and rank audit areas in order of priority.
4. Select audits for the annual audit plan.

We identified the processes/functions by reviewing the SDE organizational structure and interviewing selected SDE management. Note: a process is a collection of activities requiring one or more types of input which results in an output of value. Potential audit areas were identified through interviews conducted with and questionnaires completed by the Deputies to the Superintendent, Assistants to the Superintendent, Division Directors, and other personnel, as might have been the case.

All potential audit areas are weighted based on several risk factors, which considered the results of prior audits, as applicable, and the control environment in which the processes take place. In addition, the size and scope of the SDE Bureau of Internal Audit were considered in determining the performance of this risk assessment.

We then ranked potential audit areas. These rankings will be a primary, although not the sole, source from which we develop our annual audit plan. Although it is desirable for any audit plan to be risk-based, the reality is a number of factors, such as potential fraud or compliance considerations, might cause an annual audit plan to contain audits or projects taken out of order or not contained in these rankings.

Finally—as with any such endeavor, completing this cycle within a five-year time-frame is dependent on a number of factors. e.g. staffing, special projects, etc. At this time, the Bureau of Internal Audit has two vacant staff positions and will have a third vacant position not later than September 2001. With the current staffing, it will not be possible to complete this audit cycle in five years due to the large number of programs to be audited. To do so will require full staffing during the entire five-year cycle.

DESCRIPTION OF RISK FACTORS

Each of the following factors was discussed with senior management to determine relative importance (see "Weighting of Risk Factors" table).

Quality of Automated Controls

Automated controls are computerized action taken by management to enhance the likelihood that established objectives and goals will be achieved. The evaluation of automated controls in a particular area of activity must address the requirements of this definition. The objectives of this evaluation are to determine whether: a) a system of automated controls exists; b) the system is operating effectively; c) the system of controls is weak; and d) the system is adaptable to change.

Risk Factor Rating Scheme

1. Appear to be strong
2. Adequate or no basis for assessment
3. Thought to be weak
4. Known to be weak
5. Nonexistent

Quality of Manual Controls

Manual controls are noncomputerized, paper based systems or procedures taken by management to enhance the likelihood that established objectives and goals will be achieved. The objectives of this evaluation are to determine whether: a) a system of written or implied procedures exists; b) the system is operating effectively; c) the system of controls is weak; and d) the system is adaptable to change.

Risk Factor Rating Scheme

1. Appear to be strong
2. Adequate or no basis for assessment
3. Thought to be weak
4. Known to be weak
5. Nonexistent

Flow of Funds

The amount of funds that flow through an entity, department or division, and its related accounts. This attribute includes the commitments to be paid by the organization, such as contracts or purchase orders. The flow-of-funds attribute considers the possible impact of a diversion or misapplication of funds may have on the organization.

Risk Factor Rating Scheme

1. Small or no flow
2. Low inflow or outflow
3. Moderate inflow or outflow
4. Large inflow or outflow
5. Substantial inflow or outflow

Liquidity of Asset

The determination of the liquidity of the assets and to what extent these assets are safeguarded. The significance of the assets involved relative to total assets and the integrity of the record-keeping system to control these assets are also considered.

Risk Factor Rating Scheme

1. Value small and nonliquid
2. Value low and nonliquid
3. Value moderate and liquid
4. Value large and very liquid
5. Value substantial and very liquid

Public Disclosure Implications

Concerned with the potential public relations impact if an error is made or if confidential, sensitive information is made public. The types of applications addressed include customer records, employee and payroll information, shareholders' records, safety and environment practices, and quality control information and standards. Also included are audits of consumer interest, such as satisfying requests for service and safety, and audits that involve face-to-face customer contact.

Risk Factor Rating Scheme

1. No significant importance and limited distribution
2. Minor importance and average or limited distribution
3. Minor importance and wide distribution
4. Major importance and limited distribution
5. Major importance and wide or average distribution

Management Interest

The express or implied concern on the part of executive management relating to a specific activity or project increases the interest in performing the audit. Requests for audits that originated in planning meetings with the organization's management or those received during the year are considered.

Risk Factor Rating Scheme

1. No management interest
2. Low management interest
3. No basis for assessing management interest
4. Moderate management interest
5. Strong management interest or requested

Complexity of Operations

Measures the complexity of an activity with regard to the number of techniques or procedures that are necessary for completion and the number of different data systems or departments with which activity must interface. Complexity can increase both the probability of error and the effort requested to monitor the system.

Risk Factor Rating Scheme

1. Low complexity with limited interface
2. Medium complexity with no interface
3. Medium complexity with limited interface
4. High complexity with limited interface
5. High complexity or heavy interface

Management

Considers the competence, integrity, and experience of management. This assessment is a very subjective measure, which directly relates to the amount of confidence that the director of internal audit has in the management of operations that are under consideration for review. A lack of competence or integrity bears an obvious relationship to the probability of losses to the organization. These conditions may be indicative of an atmosphere where the control system may be easily overridden. The lack of experience and the possible consequence of errors must also be considered when evaluating this factor.

Risk Factor Rating Scheme

1. Capable and experienced
2. Average and experienced
3. Capable and not experienced
4. Average and not experienced
5. Low priority on internal control

Results and Time since Last Audit

Appraised any prior audit results and the length of time since the last audit. The findings and related recommendations from previous audits must be evaluated based on their importance to the overall activity. The determination of how past findings relate to the current risk evaluation of the actions is based on audit judgement. The length of time since the last audit must also be considered along with the prior results. In general, risk increases as the time since the last audit increases.

Risk Factor Rating Scheme

1. No findings and less than two years
2. Minor findings and less than two years
3. No prior audits or minor findings and more than two years
4. Major findings and less than two years
5. Major findings and less than two years

Change In Systems, Processes, Or Procedures

A recent change in system, process, or procedure may invalidate past performance or past audit results as measures of control strength. A change may also bring about new responsibilities, which may increase risk. Conversion from a manual to a computerized system is a type of change that should be considered.

Risk Factor Rating Scheme

1. No changes recently
2. Minor changes from six months to two years
3. Minor changes within six months
4. Not recently reviewed
5. Major changes within six months

RISK ASSESSMENT WEIGHTING OF RISK FACTORS (greatest to least)

| | MANAGEMENT | | | | | | | | | | | | |
|---|------------|----|----|----|----|----|----|----|------|----|----|-----|----|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| RISK FACTORS | | | | | | | | | | | | | |
| Quality of Automated Controls | 4 | 4 | 9 | 7 | 5 | 9 | 6 | 7 | 6.38 | 9 | 10 | 9.5 | |
| Change in Systems, Procedures, or Process | 6 | 6 | 6 | 10 | 8 | 6 | 8 | 10 | 7.50 | 10 | 6 | 8 | |
| Quality of Manual Controls | 5 | 5 | 8 | 8 | 6 | 2 | 7 | 6 | 5.88 | 6 | 9 | 7.5 | |
| Complexity of Operations | 3 | 3 | 7 | 9 | 9 | 3 | 10 | 4 | 6.00 | 8 | 7 | 7.5 | |
| Management | 7 | 7 | 1 | 6 | 10 | 7 | 4 | 3 | 5.63 | 4 | 8 | 6 | |
| Public Disclosure Implications | 8 | 8 | 4 | 5 | 7 | 8 | 2 | 5 | 5.88 | 6 | 3 | 4.5 | |
| Management Interest | 9 | 9 | 3 | 4 | 4 | 4 | 1 | 8 | 5.25 | 3 | 5 | 4 | |
| Flow of Funds | 2 | 2 | 10 | 2 | 3 | 10 | 9 | 9 | 5.88 | 6 | 1 | 3.5 | |
| Results and Time Since Last Audit | 10 | 10 | 2 | 1 | 1 | 1 | 3 | 2 | 3.75 | 2 | 4 | 3 | |
| Asset Liquidity | 1 | 1 | 5 | 3 | 2 | 5 | 5 | 1 | 2.88 | 1 | 2 | 1.5 | |
| TOTALS | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | | 55 | 55 | | |

Management Chart

1. Superintendent
2. Deputy Superintendent Of Education
3. Deputy Superintendent of Management & Finance
4. Chairman, BESE Finance and Audit Review Committee
5. Assistant Superintendent, Office of Student and School Performance
6. Acting Assistant Superintendent, Office of School and Community Support
7. State Director, Special School Districts 1 & 2
8. Assistant Superintendent, Office of Quality Educators

Risk Factor Summary All Offices

| Audit Area | Audit Value | Automated Controls | Manual Controls | Flow of Funds | Asset Liquidity | Public Disclosure | Mgmt Interest | Complexity of Operations | Mgmt | Last Audit | System Change | OVERALL RISK FACTOR |
|--|--------------------|--------------------|-----------------|---------------|-----------------|-------------------|---------------|--------------------------|------|------------|---------------|---------------------|
| Expenditure Control | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 5 | 3 | 5 | 5 | 3 | 2 | 2 | 3 | |
| | Extended Value | 20 | 15 | 15 | 3 | 25 | 20 | 22.5 | 12 | 4 | 27 | 2.9727 |
| Infant/Toddler | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 3 | 2 | 2 | 4 | 5 | 4 | 2 | 2 | 3 | |
| | Extended Value | 20 | 22.5 | 6 | 2 | 20 | 20 | 30 | 12 | 4 | 27 | 2.9727 |
| Migrant Education | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 3 | 2 | 2 | 5 | 3 | 2 | 2 | 5 | |
| | Extended Value | 20 | 15 | 9 | 2 | 10 | 20 | 22.5 | 12 | 4 | 45 | 2.9000 |
| Distinguished Educator | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 2 | 3 | 5 | 5 | 3 | 2 | 2 | 5 | |
| | Extended Value | 20 | 15 | 6 | 3 | 10 | 20 | 22.5 | 12 | 4 | 45 | 2.8636 |
| Personnel | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 1 | 2 | 4 | 5 | 3 | 2 | 2 | 4 | |
| | Extended Value | 20 | 15 | 3 | 2 | 20 | 20 | 22.5 | 12 | 4 | 36 | 2.8091 |
| Specialized Services | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 3 | 2 | 2 | 4 | 4 | 4 | 2 | 2 | 2 | |
| | Extended Value | 20 | 22.5 | 6 | 2 | 20 | 16 | 30 | 12 | 4 | 18 | 2.7364 |
| Special School District Administration | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 3 | 3 | 3 | 5 | 3 | 2 | 2 | 3 | |
| | Extended Value | 20 | 15 | 9 | 3 | 15 | 20 | 22.5 | 12 | 4 | 27 | 2.6818 |
| Communication | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 1 | 2 | 5 | 5 | 3 | 1 | 3 | 3 | |
| | Extended Value | 20 | 15 | 3 | 2 | 25 | 20 | 22.5 | 6 | 6 | 27 | 2.6636 |
| Certification & Higher Education | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 1 | 3 | 4 | 3 | 4 | 2 | 2 | 3 | |
| | Extended Value | 20 | 15 | 3 | 3 | 20 | 12 | 30 | 12 | 4 | 27 | 2.6545 |
| Career & Technical Support | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 3 | 3 | 2 | 3 | 3 | 2 | 3 | 4 | |
| | Extended Value | 20 | 15 | 9 | 3 | 10 | 12 | 22.5 | 12 | 6 | 36 | 2.6455 |
| Payroll | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 4 | 2 | 4 | 5 | 3 | 2 | 2 | 2 | |
| | Extended Value | 20 | 15 | 12 | 2 | 20 | 20 | 22.5 | 12 | 4 | 18 | 2.6455 |

Risk Factor Summary All Offices (Cont'd)

| Audit Area | Audit Value | Automated Controls | Manual Controls | Flow of Funds | Asset Liquidity | Public Disclosure | Mgmt Interest | Complexity of Operations | Mgmt | Last Audit | System Change | OVERALL RISK FACTOR |
|--|--------------------|--------------------|-----------------|---------------|-----------------|-------------------|---------------|--------------------------|------|------------|---------------|---------------------|
| Education Finance - MFP Budget | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 1 | 2 | 5 | 2 | 5 | 5 | 4 | 1 | 2 | 2 | |
| | Extended Value | 10 | 15 | 15 | 2 | 25 | 20 | 30 | 6 | 4 | 18 | 2.6364 |
| PAIR - Planning Analysis | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 3 | 2 | 4 | 3 | 4 | 1 | 2 | 3 | |
| | Extended Value | 20 | 15 | 9 | 2 | 20 | 12 | 30 | 6 | 4 | 27 | 2.6364 |
| Education Finance - Subgrantee Budget | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 5 | 2 | 3 | 5 | 3 | 2 | 2 | 2 | |
| | Extended Value | 20 | 15 | 15 | 2 | 15 | 20 | 22.5 | 12 | 4 | 18 | 2.6091 |
| LCET - Technology Planning & Development | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 4 | 3 | 3 | 3 | 3 | 2 | 2 | 3 | |
| | Extended Value | 20 | 15 | 12 | 3 | 15 | 12 | 22.5 | 12 | 4 | 27 | 2.5909 |
| Bunkie Youth Center | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 3 | 3 | 2 | 3 | 2 | 5 | 2 | 2 | 3 | 2 | |
| | Extended Value | 30 | 22.5 | 6 | 3 | 10 | 20 | 15 | 12 | 6 | 18 | 2.5909 |
| School Accountability | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 2 | 2 | 5 | 5 | 3 | 2 | 1 | 2 | |
| | Extended Value | 20 | 15 | 6 | 2 | 25 | 20 | 22.5 | 12 | 2 | 18 | 2.5909 |
| School Assistance | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 2 | 2 | 5 | 5 | 3 | 2 | 1 | 2 | |
| | Extended Value | 20 | 15 | 6 | 2 | 25 | 20 | 22.5 | 12 | 2 | 18 | 2.5909 |
| Regional Service Centers | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 3 | 2 | 3 | 3 | 3 | 2 | 3 | 3 | |
| | Extended Value | 20 | 15 | 9 | 2 | 15 | 12 | 22.5 | 12 | 6 | 27 | 2.5545 |
| OMF - Contracts | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 3 | 2 | 3 | 5 | 3 | 1 | 2 | 3 | |
| | Extended Value | 20 | 15 | 9 | 2 | 15 | 20 | 22.5 | 6 | 4 | 27 | 2.5545 |
| Even Start, Adult/Family Literacy | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 3 | 3 | 2 | 3 | 3 | 3 | 2 | 3 | |
| | Extended Value | 20 | 15 | 9 | 3 | 10 | 12 | 22.5 | 18 | 4 | 27 | 2.5545 |

Risk Factor Summary All Offices (Cont'd)

| Audit Area | Audit Value | Automated Controls | Manual Controls | Flow of Funds | Asset Liquidity | Public Disclosure | Mgmt Interest | Complexity of Operations | Mgmt | Last Audit | System Change | OVERALL RISK FACTOR |
|-----------------------------|--------------------|--------------------|-----------------|---------------|-----------------|-------------------|---------------|--------------------------|------|------------|---------------|---------------------|
| JTPA/Jobs for LA Graduates | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 2 | 3 | 2 | 3 | 3 | 2 | 2 | 4 | |
| | Extended Value | 20 | 15 | 6 | 3 | 10 | 12 | 22.5 | 12 | 4 | 36 | 2.5545 |
| Professional Accountability | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 3 | 3 | 2 | 3 | 4 | 2 | 1 | 3 | |
| | Extended Value | 20 | 15 | 9 | 3 | 10 | 12 | 30 | 12 | 2 | 27 | 2.5455 |
| Community Based Tutorial | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 4 | 3 | 2 | 2 | 5 | 2 | 2 | 2 | 2 | |
| | Extended Value | 20 | 30 | 9 | 2 | 10 | 20 | 15 | 12 | 4 | 18 | 2.5455 |
| Quality Assurance | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 3 | 1 | 2 | 3 | 3 | 3 | 2 | 2 | 3 | |
| | Extended Value | 20 | 22.5 | 3 | 2 | 15 | 12 | 22.5 | 12 | 4 | 27 | 2.5455 |
| PAIR - Mainframe Services | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 2 | 2 | 2 | 3 | 5 | 1 | 2 | 3 | |
| | Extended Value | 20 | 15 | 6 | 2 | 10 | 12 | 37.5 | 6 | 4 | 27 | 2.5364 |
| OMF - Cash Management | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 1 | 2 | 5 | 3 | 2 | 3 | 4 | 2 | 2 | 3 | |
| | Extended Value | 10 | 15 | 15 | 3 | 10 | 12 | 30 | 12 | 4 | 27 | 2.5091 |
| Legislative | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 1 | 1 | 5 | 3 | 3 | 1 | 3 | 3 | |
| | Extended Value | 20 | 15 | 3 | 1 | 25 | 12 | 22.5 | 6 | 6 | 27 | 2.5000 |
| Adult Education | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 4 | 3 | 2 | 3 | 3 | 2 | 2 | 3 | |
| | Extended Value | 20 | 15 | 12 | 3 | 10 | 12 | 22.5 | 12 | 4 | 27 | 2.5000 |
| Preschools | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 3 | 2 | 2 | 2 | 5 | 3 | 2 | 2 | 2 | |
| | Extended Value | 20 | 22.5 | 6 | 2 | 10 | 20 | 22.5 | 12 | 4 | 18 | 2.4909 |
| Homeless | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 3 | 1 | 1 | 5 | 2 | 3 | 2 | 2 | 2 | |
| | Extended Value | 20 | 22.5 | 3 | 1 | 25 | 8 | 22.5 | 12 | 4 | 18 | 2.4727 |

Risk Factor Summary All Offices (Cont'd)

| Audit Area | Audit Value | Automated Controls | Manual Controls | Flow of Funds | Asset Liquidity | Public Disclosure | Mgmt Interest | Complexity of Operations | Mgmt | Last Audit | System Change | OVERALL RISK FACTOR |
|---|--------------------|--------------------|-----------------|---------------|-----------------|-------------------|---------------|--------------------------|------|------------|---------------|---------------------|
| Insurance | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | 2.4636 |
| | Risk Factor Rating | 2 | 2 | 3 | 2 | 2 | 3 | 3 | 2 | 3 | 3 | |
| | Extended Value | 20 | 15 | 9 | 2 | 10 | 12 | 22.5 | 12 | 6 | 27 | |
| Operations - Printing & Copying | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | 2.4636 |
| | Risk Factor Rating | 2 | 2 | 3 | 2 | 2 | 3 | 3 | 2 | 3 | 3 | |
| | Extended Value | 20 | 15 | 12 | 2 | 10 | 16 | 22.5 | 12 | 6 | 27 | |
| Nursing | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | 2.4545 |
| | Risk Factor Rating | 2 | 3 | 2 | 2 | 4 | 2 | 3 | 2 | 2 | 2 | |
| | Extended Value | 20 | 22.5 | 6 | 2 | 20 | 8 | 22.5 | 12 | 4 | 18 | |
| Resource Coordination/Design (Titles II & VI) 8 (G) | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | 2.4455 |
| | Risk Factor Rating | 2 | 2 | 4 | 2 | 2 | 3 | 3 | 2 | 1 | 3 | |
| | Extended Value | 20 | 15 | 12 | 2 | 10 | 12 | 22.5 | 12 | 2 | 27 | |
| School Improvement | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | 2.4455 |
| | Risk Factor Rating | 2 | 2 | 2 | 2 | 5 | 5 | 3 | 2 | 1 | 2 | |
| | Extended Value | 20 | 15 | 6 | 2 | 25 | 12 | 22.5 | 12 | 2 | 18 | |
| Management Consultants | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | 2.4182 |
| | Risk Factor Rating | 1 | 2 | 2 | 2 | 3 | 3 | 4 | 2 | 2 | 3 | |
| | Extended Value | 10 | 15 | 6 | 2 | 15 | 12 | 30 | 12 | 4 | 27 | |
| Bilingual Education | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | 2.4091 |
| | Risk Factor Rating | 2 | 3 | 2 | 2 | 2 | 2 | 4 | 2 | 2 | 2 | |
| | Extended Value | 20 | 22.5 | 6 | 2 | 10 | 8 | 30 | 12 | 4 | 18 | |
| Policy Research & Program Effectiveness | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | 2.4091 |
| | Risk Factor Rating | 2 | 2 | 1 | 2 | 4 | 4 | 3 | 2 | 2 | 2 | |
| | Extended Value | 20 | 15 | 3 | 2 | 20 | 16 | 22.5 | 12 | 4 | 18 | |
| Operations - Supplies | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | 2.3909 |
| | Risk Factor Rating | 2 | 4 | 3 | 3 | 1 | 3 | 1 | 2 | 3 | 3 | |
| | Extended Value | 20 | 30 | 9 | 3 | 5 | 12 | 7.5 | 12 | 6 | 27 | |
| Operations - Property Control | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | 2.3727 |
| | Risk Factor Rating | 1 | 2 | 4 | 4 | 2 | 5 | 3 | 1 | 2 | 3 | |
| | Extended Value | 10 | 15 | 12 | 4 | 10 | 20 | 22.5 | 6 | 4 | 27 | |

Risk Factor Summary All Offices (Cont'd)

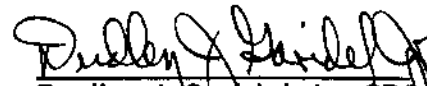

| Audit Area | Audit Value | Automated Controls | Manual Controls | Flow of Funds | Asset Liquidity | Public Disclosure | Mgmt Interest | Complexity of Operations | Mgmt | Last Audit | System Change | OVERALL RISK FACTOR |
|---|--------------------|--------------------|-----------------|---------------|-----------------|-------------------|---------------|--------------------------|------|------------|---------------|---------------------|
| Summer Food Services | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 3 | 3 | 2 | 3 | 3 | 2 | 2 | 2 | |
| | Extended Value | 20 | 15 | 9 | 3 | 10 | 12 | 22.5 | 12 | 4 | 18 | 2.2818 |
| TITLE IV - Safe and Drug-Free Schools & Communities | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 3 | 2 | 2 | 3 | 3 | 2 | 2 | 2 | |
| | Extended Value | 20 | 15 | 9 | 2 | 10 | 12 | 22.5 | 12 | 4 | 18 | 2.2636 |
| HIPPI | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 2 | 3 | 2 | |
| | Extended Value | 20 | 15 | 6 | 2 | 10 | 12 | 22.5 | 12 | 6 | 18 | 2.2455 |
| Education Finance - Audit | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 2 | 3 | 2 | 3 | 3 | 2 | 2 | 2 | |
| | Extended Value | 20 | 15 | 6 | 3 | 10 | 12 | 22.5 | 12 | 4 | 18 | 2.2273 |
| PAIR - LAN Support | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 2 | 2 | 2 | |
| | Extended Value | 20 | 15 | 6 | 2 | 10 | 12 | 22.5 | 12 | 4 | 18 | 2.2091 |
| Assessment Administration | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 3 | 3 | 2 | 3 | 2 | 2 | 3 | 2 | |
| | Extended Value | 20 | 15 | 9 | 3 | 10 | 12 | 15 | 12 | 6 | 18 | 2.1818 |
| Family Day-Care Home | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 1 | 2 | 4 | 3 | 2 | 3 | 3 | 2 | 2 | 2 | |
| | Extended Value | 10 | 15 | 12 | 3 | 10 | 12 | 22.5 | 12 | 4 | 18 | 2.1545 |
| School Food Services | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 1 | 2 | 4 | 3 | 2 | 3 | 3 | 2 | 2 | 2 | |
| | Extended Value | 10 | 15 | 12 | 3 | 10 | 12 | 22.5 | 12 | 4 | 18 | 2.1545 |
| Secondary Standards | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 2 | 3 | 2 | 3 | 2 | 2 | 3 | 2 | |
| | Extended Value | 20 | 15 | 6 | 3 | 10 | 12 | 15 | 12 | 6 | 18 | 2.1273 |
| LCET - Instructional | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 4 | 3 | 1 | 3 | 2 | 2 | 2 | 2 | |
| | Extended Value | 20 | 15 | 12 | 3 | 5 | 12 | 15 | 12 | 4 | 18 | 2.1091 |

Risk Factor Summary All Offices (Cont'd)

| Audit Area | Audit Value | Automated Controls | Manual Controls | Flow of Funds | Asset Liquidity | Public Disclosure | Mgmt Interest | Complexity of Operations | Mgmt | Last Audit | System Change | OVERALL RISK FACTOR |
|--------------------------------------|--------------------|--------------------|-----------------|---------------|-----------------|-------------------|---------------|--------------------------|------|------------|---------------|---------------------|
| Child & Adult Care Food | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 1 | 2 | 3 | 3 | 2 | 3 | 3 | 2 | 2 | 2 | |
| | Extended Value | 10 | 15 | 9 | 3 | 10 | 12 | 22.5 | 12 | 4 | 18 | 2.1000 |
| Out-of-District Placement | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 1 | 2 | 2 | 2 | 3 | 2 | 2 | 2 | |
| | Extended Value | 20 | 15 | 3 | 2 | 10 | 8 | 22.5 | 12 | 4 | 18 | 2.0818 |
| Nutrition Education Training | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 2 | 2 | 1 | 3 | 1 | 2 | 2 | 1 | |
| | Extended Value | 20 | 15 | 6 | 2 | 5 | 12 | 7.5 | 12 | 4 | 9 | 1.6818 |
| Travel | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 2 | 2 | 2 | 2 | 1 | 3 | 1 | 2 | 1 | 1 | |
| | Extended Value | 20 | 15 | 6 | 2 | 5 | 12 | 7.5 | 12 | 2 | 9 | 1.6455 |
| Motorcycle Safety/Driver's Education | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 0 | 3 | 2 | 2 | 1 | 3 | 2 | 2 | 2 | 1 | |
| | Extended Value | 0 | 22.5 | 6 | 2 | 5 | 12 | 15 | 12 | 4 | 9 | 1.5909 |
| HIV - AIDS | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 0 | 2 | 1 | 2 | 2 | 3 | 2 | 2 | 3 | 1 | |
| | Extended Value | 0 | 15 | 3 | 2 | 10 | 12 | 15 | 12 | 6 | 9 | 1.5273 |
| Child Welfare & Attendance | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 0 | 2 | 1 | 1 | 2 | 3 | 2 | 2 | 3 | 1 | |
| | Extended Value | 0 | 15 | 3 | 1 | 10 | 12 | 15 | 12 | 6 | 9 | 1.5091 |
| School Bus Transportation | Risk Weight | 10 | 7.5 | 3 | 1 | 5 | 4 | 7.5 | 6 | 2 | 9 | |
| | Risk Factor Rating | 0 | 2 | 1 | 1 | 1 | 3 | 2 | 2 | 3 | 1 | |
| | Extended Value | 0 | 15 | 3 | 1 | 5 | 12 | 15 | 12 | 6 | 9 | 1.4182 |

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

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