

LOUISIANA DEPARTMENT OF EDUCATION RISK ASSESSMENT FISCAL YEAR ENDED 6/30/2023

PROJECT REPORT

Audit Control Number: 23-05
June 30, 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 other officials as appropriate or required by law. A copy of this report has been made available for public inspection in the Bureau of Internal Audit at the Louisiana State Department of Education.



LOUISIANA DEPARTMENT OF EDUCATION

October 11, 2023

Board of Elementary and Secondary Education
Dr. Cade Brumley, Superintendent of Education
Louisiana Department of Education

Enclosed is the risk assessment of the Department's programs for Fiscal Year 2022-2023. This project was undertaken to update to comply with State law and develop an audit plan for Fiscal Year 2023-24.

Respectfully submitted,

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

DJGJr

Distribution:

Board of Elementary and Secondary Education (11)
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EXECUTIVE SUMMARY

The Bureau of Internal Audit (BIA) annually conducts a department wide risk assessment in accordance with Louisiana State Law and professional standards of the *Institute of Internal Auditors (IIA)*. The main objective for assessing risk is to identify areas considered essential to Louisiana Department of Education (LDOE) operations. This information is used when developing the annual audit plan and reasonably ensuring activities with the greatest risk are audited. The risk assessment strengthens the audit planning and scheduling process; although it does not replace professional judgment, but, rather, supplements it.

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

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

We developed a list of LDOE functions/programs by reviewing the department's organizational chart structure and interviewing management. Potential audit areas were identified through surveys conducted using a Google platform based *Annual Risk Assessment Questionnaire*. The surveys were completed by Executive Management and Directors. Significance and ranking of risk factors were based on those contained in the BIA Audit Manual and modified as necessary. All potential audit areas were weighted based on the averages from survey of risk factors and the questionnaire responses.

We ranked the potential audit areas in descending order from highest to lowest final risk scores. In accordance with *IIA Standards*, these rankings will be a basis, although not the sole source, from which we develop our annual audit plan. Although desirable for any audit plan to be risk-based, 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.

Successfully completing this cycle of audits within a one-year timeframe will depend on a number of factors, including, but not limited to, staffing and special projects.

RISK FACTOR DESCRIPTIONS

Audit History

This considers prior audit results and the length of time since the last audit. The observations and related recommendations from previous audits are evaluated based on their importance to the overall activity. In general, risk increases as the time since the last audit increases.

Operational Changes

Risk for errors or weakening of internal controls increases when changes in organizations occur, including personnel or procedure changes. Assessing the risk helps an organization understand where additional effort should be made to maintain or enhance internal controls over processes. Conversion from a manual to computerized process is an example of this type of change.

Financial Transactions

Processing financial transactions is one area of operations with the highest risk of errors and where the absence of internal control has the greatest impact. It is important to assess risk to identify areas in which internal control can be strengthened. This evaluation includes the actual annual budget and/or the amount of federal funds received. It also considers the possible impact a diversion or misapplication of funds may have on the Department.

Federal Grant Management Responsibility

Federal grants have many regulations attached to the administration of these funds. Managing federal grants is a complex process to ensure compliance with federal regulations. The complexity of these operations means the risk of error should be identified so internal controls can be strengthened to ensure compliance and safeguarding federal dollars.

Federal Program Monitoring

Federal programs require monitoring to ensure the programs are administered appropriately by the grant recipients. Failure to monitor or inadequate monitoring of federal programs may lead to embezzlement or theft of federal funds, citation for failure to comply with federal regulations, or loss of or repayment of federal funds.

State Program Monitoring

State programs administered by the LDOE require monitoring to ensure the programs are being administered appropriately.

Complexity of Operations, Experience, & Training

The experience and training of management and staff members have a direct impact on the efficiency, effectiveness and accuracy of operations. A measure of the complexity of an activity with regard to the number of techniques or procedures necessary to complete a process and the number of different data systems or departments with which the activity must interface. Complexity can increase both the probability of error and resources needed to monitor the system.

Information Technology (IT) Subsystems

Technology is integral to administering programs. Internal controls to keep the systems safe from errors or malicious software should be in place to keep public information safe, especially if it drives funding. Automated controls are computerized actions implemented by management to enhance the likelihood 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; and c) the system of controls is adequate.

Internal Control Environment

Internal controls are steps in a process ensuring accuracy of information and processing to detect or prevent errors, irregularities, or noncompliance with rules and laws. Internal controls are policies and/or procedures implemented by management to enhance the likelihood 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; and c) the system of controls is adequate.

Fraud Risk Factors/Security of Assets

The determination of the liquidity of the assets and the extent these assets are safeguarded. The significance of the assets involved relative to identification of assets and the controls of the unit to secure these assets are considered. Public funds must be safeguarded from the risk of theft or misappropriation. Controls should be in place to ensure processes are insulated from weaknesses which would allow such fraud to occur. One such control is a method for detecting suspected fraud.

RISK FACTOR WEIGHTING

Risk Factors	Weight
Audit History	0.05
Operational Changes	0.13
Financial Transactions	0.14
Federal Grant Management Responsibilities	0.08
Federal Program Monitoring	0.07
State Program Monitoring	0.06
Experience & Training/Complexity	0.10
Information Technology	0.12
Internal Control Environment	0.16
Fraud Risk Factors	0.09
Total	<u>1.00</u>

RISK FACTOR SUMMARY

	RISK FACTOR	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	
	SIGNIFICANCE RANKING	1	8	9	4	4	2	6	7	10	5	TOTAL
Division/Section	WEIGHT	0.05	0.13	0.14	0.08	0.07	0.06	0.1	0.12	0.16	0.09	1.00
AAA - Administrative		3.0000	18.0000	9.0000	4.0000	4.0000	5.0000	18.0000	15.4000	12.8571	11.6667	11.4051
AAA - Analysis, Assessment Reporting		2.0000	10.0000	9.0000	4.0000	4.0000	2.0000	13.2000	7.0000	10.0000	5.0000	7.5900
AAA - Assessment Content		1.0000	18.0000	45.0000	14.0000	8.0000	2.0000	15.6000	7.0000	11.4286	11.6667	15.7686
AAA - Data Strategy		3.0000	20.0000	9.0000	4.0000	4.0000	2.0000	21.6000	7.0000	20.0000	8.3333	10.9300
AAA - Data System & User Support		1.0000	18.0000	9.0000	4.0000	4.0000	2.0000	21.6000	23.8000	15.7143	8.3333	11.9003
AAA - Ops Governance		3.0000	40.0000	9.0000	4.0000	4.0000	2.0000	22.8000	7.0000	17.1429	15.0000	13.1929
AAA - Research & Data Privacy		2.0000	30.0000	1.0000	1.0000	1.0000	1.0000	2.6000	1.0000	1.8571	4.3333	5.0271
CCR - Extentsion Portfolio		3.0000	24.0000	30.0000	4.0000	4.0000	2.0000	18.0000	7.0000	22.8571	18.3333	14.4871
CCR - Foundation Years		2.0000	28.0000	9.0000	4.0000	4.0000	2.0000	19.2000	7.0000	12.8571	18.3333	10.5371
CCR - Quality Diplomas		3.0000	22.0000	9.0000	12.0000	5.3333	4.0000	20.4000	7.0000	15.7143	20.0000	11.2376
CCR - Well Being		2.0000	32.0000	33.0000	20.0000	9.3333	4.0000	18.0000	7.0000	27.1429	15.0000	18.3562
GAPA - BESE		2.0000	26.0000	9.0000	20.0000	20.0000	2.0000	13.2000	7.0000	11.4286	15.0000	11.8486
GAPA - Ed Policy/Legislative Strategy		3.0000	34.0000	9.0000	4.0000	4.0000	2.0000	20.4000	7.0000	21.4286	11.6667	12.8586
Ops - Fiscal - Appropriation Control		2.0000	24.0000	45.0000	4.0000	4.0000	4.0000	14.4000	7.0000	14.2857	5.0000	14.9257
Ops - Fiscal - Budget		2.0000	24.0000	45.0000	20.0000	4.0000	2.0000	15.6000	7.0000	14.2857	11.6667	16.2057
Ops - FNS		2.0000	22.0000	45.0000	16.0000	4.0000	2.0000	19.2000	11.2000	11.4286	7.5000	16.0326
Ops - FSGR - Federal Programs		2.0000	16.0000	9.0000	20.0000	4.0000	2.0000	15.6000	7.0000	14.2857	11.6667	10.1257
Ops - FSGR - Statewide Montioring		2.2500	28.0000	21.0000	4.0000	4.0000	4.0000	15.6000	7.0000	11.4286	5.0000	11.7611
Ops - Operational Quality		3.0000	22.0000	33.0000	14.0000	4.0000	2.0000	18.0000	7.0000	11.4286	18.3333	13.6186
SC - Charter		3.0000	28.0000	9.0000	4.0000	4.0000	6.0000	24.0000	29.4000	17.1429	11.6667	14.6809
School System Relations		2.0000	28.0000	33.0000	4.0000	4.0000	7.5000	15.6000	7.0000	10.0000	8.3333	13.4100
SSFS - Audit		2.0000	12.0000	9.0000	4.0000	4.0000	2.0000	14.4000	7.0000	20.0000	5.0000	9.1200
SSFS - MFP		2.0000	16.0000	27.0000	4.0000	4.0000	4.0000	14.4000	7.0000	14.2857	5.0000	11.3657
TL - Academic Content		3.0000	20.0000	24.0000	4.0000	4.0000	2.0000	30.0000	7.0000	12.8571	15.0000	12.7271
TL - Certification		1.2500	30.0000	39.0000	4.0000	4.0000	2.0000	22.8000	23.8000	18.5714	5.8333	18.2499
TL - EC Licensing		3.0000	24.0000	42.0000	12.0000	4.0000	4.0000	16.8000	18.2000	12.8571	11.6667	16.5511
TL - EC Strategy		1.2500	26.0000	45.0000	14.0000	4.0000	6.0000	25.2000	19.6000	21.4286	20.0000	19.8031
TL - Educator Development		3.0000	14.0000	39.0000	4.0000	4.0000	2.0000	22.8000	7.0000	15.7143	15.0000	13.7843
TL - Literacy		3.0000	22.0000	21.0000	14.0000	4.0000	2.0000	26.4000	7.0000	12.8571	15.0000	13.0071
TL - School Improvement		3.0000	32.0000	9.0000	4.0000	4.0000	2.0000	20.4000	15.4000	34.2857	18.3333	15.6637

Acronyms

AAA - Assessment, Accountability, Analytics
CCR - College & Career Readiness
EC - Early Childhood
FNS - Food Nutrition Services
FSGR - Federal Support & Grantted Relations
GAPA - Governmental, Administrative, Public Affairs
OPS- Operations
SC - School Choice
SSFS - School System Financial Services
SSR - School System Relations
TL - Teaching & Learning

Risk Factors

F1 -- Audit History
F2 -- Operational Changes
F3 -- Financial Transactions
F4 -- Federal Grant Management Responsibilities
F5 -- Federal Program Monitoring
F6 -- State Program Monitoring
F7 -- Experience & Training/Complexity
F8 -- Information Technology
F9-- Internal Control Environment
F10 -- Fraud Risk Factors

OVERALL RISK ASSESSMENT

Survey Summary				Positions/ Staff Size	Reportable Findings	Media Issues	Management Concerns	Final Risk Assessment
Office/Division/Section	Acronym	Overall Score	Funding Total	Total T.O. per HR	(X)	Type	Risk Impact (L) (M) (H)	
<u>AAA - Accountability Policy</u>	Policy	11.41	\$ 50,632,004.65	74			M	L
<u>AAA - Assessments & Accountability</u>	Accountability	7.59	4,427,485				L	L
<u>AAA - Assessment Content</u>	Content	15.77	-				M	M
<u>AAA - Data Strategy</u>	Data	10.93	-				M	L
<u>AAA - Data System & User Support</u>	System	11.90	-				L	L
<u>AAA - Ops Governance</u>	Governance	13.19	-				L	L
<u>AAA - Research & Data Privacy</u>	R&D	5.03	-				L	L
<u>CCR - Foundation Years</u>	Foundation	10.54	5,855,696	29			M	L
<u>CCR - Quality Diplomas</u>	Diplomas	11.24	9,317,116		X	9	L	M
<u>CCR - Extension Portfolio</u>	Portfolio	14.49	-				L	L
<u>CCR - Healthy Communities</u>	Healthy	18.36	2,548,493				L	L
<u>CCR - Student Well-being</u>	Well Being	18.36	-				M	M
<u>GAPA - Operations</u>	Ops	11.85	1,121,271,418	20			L	L
<u>GAPA - Policy</u>	Policy	11.85	736,055				L	L
<u>GAPA - Planning</u>	Planning	12.86	-				L	L
<u>GAPA - OPS - FSGR - Federal Programs</u>	Federal	10.13	505,220,540	5			H	M
<u>GAPA - OPS - FSGR - Statewide Monitoring</u>	Monitoring	11.76	235,483	23			L	L
<u>GAPA - OPS - FSGR - Grants Management</u>	Grants	10.13	(263,461)	19			M	L
<u>GAPA - OPS - Nutrition Support</u>	FNS	16.03	564,175,311	32			M	M
<u>GAPA - OPS - Operational Quality</u>	GAPA-Quality	13.62	-	8			L	L
<u>SC-Charter</u>	Charter	14.68	1,525,949	19			H	M
<u>SC-School Improvement</u>	SC-Improvement	14.68	14,871,900				M	M
<u>SSFS - Fiscal - Appn Cntrl</u>	Fiscal	14.93	5,517,929	39			L	L
<u>SSFS - Fiscal - Budget</u>	Budget	16.21	-				L	L
<u>SSFS - MFP</u>	MFP	11.37	4,248,517,866	20			H	M
<u>SSFS - MFP Audit</u>	Audit	9.12	"				M	L
<u>School System Relations</u>	SSR	13.41	3,030,826	6			L	M
<u>TL - Academic Content</u>	Academic	12.73	7,793,786	287			M	M
<u>TL - Academic Strategy</u>	Strategy	12.73	2,143,096				L	L
<u>TL - Certification</u>	Certification	18.25	858,868				M	M
<u>TL - Diverse Learners</u>	Diverse	"	12,099,434				M	L
<u>TL - Early Childhood Conference</u>	EC-Conference	16.55	619,298				L	L
<u>TL - Early Childhood Care & Education</u>	EC-Care	16.55	476,809,854		X	1	M	M
<u>TL - Early Childhood Eligibility</u>	Eligibility	16.55	6,749,873				L	L
<u>TL - Early Childhood Headstart</u>	Headstart	16.55	104,568				M	M
<u>TL - Early Childhood Licensing</u>	Licensing	16.55	3,743,405		X	1	M	M
<u>TL - Early Childhood Strategy</u>	Strategy	19.80	-				M	L
<u>TL - Early Childhood Operations</u>	EC-Ops	16.55	14,860,179				M	M
<u>TL - Early Childhood Quality</u>	EC-Quality	16.55	19,473,841				M	M
<u>TL - Educator Development</u>	Development	13.78	13,376,307				H	M
<u>TL - Foreign Teacher CODOFIL</u>	CODOFIL	13.01					L	L
<u>TL - Literacy</u>	Literacy	13.01	39,722,928				M	M
<u>TL - Operations</u>	TL-Ops	13.01	10,209,886				M	L
<u>TL - Summit</u>	Summit	13.01					L	L
<u>TL - School Improvement</u>	TL-Improvement	15.66	7,111,197				M	M
			\$ 7,153,297,130.60	581				

Acronym Legend:

AAA - Assessments, Accountability, & Analytics
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AUDITOR TYPE LEGEND

1 = LLA [LA: Legislative Auditor]
2 = LLA IT
3 = LLA Performance
4 = BIA [Bureau of Internal Audit]
5 = USDOE Program
7 = USDA Program
8 = USDA OIG
9 = Other

Risk Legend

L = Low
M = Medium
H=High

NOTES:

Executive Office, Communications, Legal, HR, Internal Audit and Recovery
School District not included.

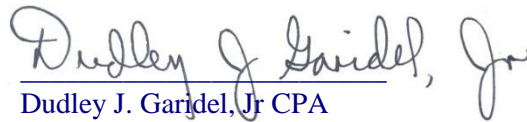
* Did not responnd to survey

** Pass Through Funds based on MOF Other Charges.

Public Document Statement

Our risk assessment was conducted in accordance with *The Standards for the Professional Practice of Internal Auditing* and the *Code of Ethics* issued by the IIA. By provisions of state law, this report is a public document and has been distributed to appropriate public officials.

We acknowledge with appreciation the courtesies extended to our representatives during the project.


Dudley J. Garidel, Jr CPA
Director of Internal Audit