

LOUISIANA DEPARTMENT OF EDUCATION RISK ASSESSMENT FISCAL YEAR ENDED 6/30/2024

PROJECT REPORT

Audit Control Number: 24-04
June 30, 2024



Issued: August 21, 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 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.

DR. CADE BRUMLEY
STATE SUPERINTENDENT



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LOUISIANA DEPARTMENT OF EDUCATION

August 21, 2024

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

Enclosed is the risk assessment of the Louisiana Department of Education (LDOE) programs for Fiscal Year 2023-2024. This project was undertaken to comply with the Louisiana State Audit Law and professional standards of the *Institute of Internal Auditors*. It will be used to assist in developing an audit plan for the Bureau of Internal Audit (BIA) for Fiscal Year 2024-25.

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

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 is to identify areas considered essential to Louisiana Department of Education (LDOE) operations. This information is used when developing the BIA 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 THEN 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 it is desirable for any audit plan to be risk-based, a number of factors, such as potential fraud or compliance considerations, or management requests 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, special projects, acts of God, etc.

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.

State Grant Management Responsibility

State grants also have regulatory guidance based on State and Federal regulations. State programs, likewise, require monitoring to ensure the programs are administered appropriately by the grant recipients. Failure to monitor or inadequately monitoring these programs may lead to misuse or abuse of State funds.

Operational Experience & Training Complexity

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

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 & 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.

Disaster Recovery

Risk of financial loss due to natural or man-made disasters. Safeguards are adequate to protect the integrity of business-critical data and restore operations swiftly in the event of data loss.

RISK FACTOR WEIGHTING

Risk Factors	Weight
Audit History	0.05
Operational Changes	0.13
Financial Transactions	0.14
Federal Grant Management Responsibility	0.08
State Grant Management Responsibility	0.07
Operational Experience & Training/Complexity	0.06
Information Technology	0.10
Internal Control Environment	0.12
Fraud Risk & Security of Assets	0.16
Disaster Recovery	0.09
Total	1.00

RISK FACTOR SIGNIFICANCE RANKING WEIGHT	F1 1	F2 8	F3 9	F4 4	F5 4	F6 2	F7 6	F8 7	F9 10	F10 5	TOTAL 1.00	ACRONYM
Agencies/Division/Section	0.05	0.13	0.14	0.08	0.07	0.06	0.1	0.12	0.16	0.09		
AAA - Assessment	3.0000	24.0000	30.0000	4.0000	9.3333	4.8000	14.4000	12.8333	18.0000	18.3333	16.2413	AAA-Assessment
AAA - Analysis & Assessment Reporting	2.5000	14.0000	9.0000	4.0000	9.3333	5.6000	6.0000	8.1667	18.0000	13.3333	10.1743	AAA-A&A Reporting
AAA - System Optimization & Governance	3.0000	16.0000	9.0000	4.0000	4.0000	6.4000	6.0000	9.3333	18.0000	5.0000	9.5240	AAA-System
AAA - Data System & User Support	2.0000	20.0000	9.0000	4.0000	4.0000	7.2000	6.0000	12.8333	22.0000	21.6667	12.6020	AAA-Data
AAA - Operations & Policy	3.0000	18.0000	9.0000	4.0000	4.0000	6.0000	6.0000	8.1667	26.0000	5.0000	10.9000	AAA-Ops&Policy
AAA - Research & Data Privacy	2.0000	28.0000	1.0000	1.0000	1.0000	2.8000	2.8000	1.6667	2.2000	5.0000	5.4800	AAA-R&D Privacy
CCR - Well Being	1.0000	32.0000	30.0000	13.0000	14.6667	5.2000	6.0000	16.3333	26.0000	25.0000	19.7587	CCR-Well Being
CCR - Quality Diplomas	3.0000	10.0000	9.0000	8.0000	14.6667	7.2000	6.0000	16.3333	18.0000	25.0000	12.4987	CCR-Diplomas
CCR - Extentsion Portfolio	3.0000	18.0000	21.0000	4.0000	4.0000	5.6000	12.0000	9.3333	26.0000	25.0000	15.0960	CCR-Portfolio
CCR - Foundation Years	3.0000	14.0000	9.0000	4.0000	4.0000	6.8000	6.0000	9.3333	18.0000	25.0000	11.0880	CCR-Foundation
GAPA - HR Operations	1.0000	12.0000	36.0000	4.0000	4.0000	5.2000	6.0000	10.5000	18.0000	25.0000	14.5520	GAPA-HROps
GAPA - HR Compensation & Recruitment	1.0000	12.0000	36.0000	4.0000	4.0000	6.4000	6.0000	9.3333	18.0000	25.0000	14.4840	GAPA-HRComp
GAPA - Ops - FSGR - Federal Programs	1.0000	14.0000	9.0000	12.0000	4.0000	5.2000	6.0000	10.5000	18.0000	25.0000	11.6720	GAPA-Federal
GAPA - Ops - FSGR - Statewide Montioring	1.0000	30.0000	45.0000	8.0000	4.0000	6.8000	6.0000	11.6667	26.0000	10.0000	18.6380	GAPA-Monitoring
GAPA - Ops - FSGR - Grants Management	3.0000	24.0000	39.0000	4.0000	14.6667	5.2000	16.8000	9.3333	10.0000	25.0000	17.0387	GAPA-Grants
GAPA - Ops - FNS-SFS	2.2500	24.0000	39.0000	11.0000	4.0000	6.4000	14.4000	8.1667	10.0000	21.6667	16.2065	SFS
GAPA - Ops - FNS-CACFP	2.2500	28.0000	42.0000	9.0000	4.0000	6.4000	14.4000	8.1667	18.0000	21.6667	18.2665	CACFP
SC - Charter Accountability	3.0000	18.0000	9.0000	4.0000	4.0000	7.6000	6.0000	9.3333	18.0000	13.3333	10.6060	SC-Charter
SC - Portfolio Opportunites	2.0000	16.0000	9.0000	4.0000	9.3333	7.2000	28.8000	10.5000	18.0000	25.0000	14.1153	SC-Portfolio
SC - Statewide Interventions	3.0000	18.0000	9.0000	4.0000	4.0000	9.2000	6.0000	21.0000	34.0000	25.0000	15.7120	SC-Statewide
SC - RSD	1.0000	14.0000	21.0000	4.0000	4.0000	6.4000	6.0000	9.3333	10.0000	20.0000	10.9140	SC-RSD
SSFS - Fiscal - Expenditure Control	2.0000	8.0000	45.0000	4.0000	4.0000	4.0000	6.0000	7.0000	22.0000	8.3333	13.9900	SSFS-Expenditure
SSFS - Fiscal - Budget Management	2.0000	8.0000	45.0000	4.0000	4.0000	3.6000	6.0000	8.1667	26.0000	5.0000	14.4460	SSFS-Budget
SSFS - Fiscal - Fiscal Management	2.0000	8.0000	45.0000	4.0000	4.0000	5.2000	6.0000	7.0000	26.0000	8.3333	14.7020	SSFS-Fiscal Mgmt
SSFS - Audit	2.0000	18.0000	9.0000	4.0000	4.0000	5.2000	6.0000	12.8333	18.0000	25.0000	11.8820	SSFS-MFP Audit
SSFS - MFP	2.0000	12.0000	27.0000	4.0000	4.0000	4.4000	6.0000	9.3333	10.0000	13.3333	10.8240	SSFS-MFP
School System Relations	3.0000	16.0000	9.0000	8.0000	9.3333	4.4000	6.0000	8.1667	18.0000	25.0000	11.7573	SSR
TL - Academic Content	2.0000	20.0000	9.0000	8.0000	4.0000	7.2000	6.0000	9.3333	18.0000	10.0000	10.8120	TL-Academic
TL - Diverse Learners	2.0000	22.0000	30.0000	11.0000	14.6667	5.2000	21.6000	8.1667	10.0000	11.6667	15.1687	TL-Diverse
TL - Certification	2.7500	22.0000	42.0000	4.0000	4.0000	6.0000	15.6000	16.3333	18.0000	25.0000	18.4875	TL-Certification
TL - Educator Development	3.0000	26.0000	9.0000	4.0000	4.0000	7.6000	6.0000	11.6667	26.0000	25.0000	14.2560	TL-Development
TL - Literacy	2.0000	8.0000	21.0000	10.0000	4.0000	6.0000	6.0000	8.1667	18.0000	25.0000	12.2300	TL-Literacy
TL - Early Childhood - Admin Affairs	3.0000	32.0000	45.0000	8.0000	9.3333	9.6000	14.4000	10.5000	24.0000	15.0000	20.3693	EC-Admin
TL - Early Childhood - CCAP	2.0000	34.0000	33.0000	11.0000	4.0000	6.0000	19.2000	7.0000	16.0000	8.3333	16.7300	EC-CCAP
TL - Early Childhood -- CCBC	2.0000	18.0000	36.0000	8.0000	4.0000	7.2000	19.2000	9.3333	18.0000	15.0000	16.1020	EC-CCBC
TL - Early Childhood - EC Licensing	2.0000	32.0000	33.0000	8.0000	4.0000	6.0000	14.4000	9.3333	16.0000	8.3333	16.0300	EC-Licensing
TL - Early Childhood - EC Strategy	3.0000	36.0000	24.0000	11.0000	4.0000	9.2000	6.0000	14.0000	50.0000	25.0000	22.4320	EC-Strategy
TL - School Improvement	3.0000	22.0000	9.0000	4.0000	4.0000	8.0000	6.0000	8.1667	34.0000	25.0000	14.6200	TL-Improvement

ACRONYM LEGEND

AAA - Assessments, Accountability, & Analytics
CCR - College & Career Readiness
GAPA - Governmental, Administrative, & Public Affairs
FSGR - Federal Support & Grantee Relations
FNS - Food & Nutrition Services
SFS - School Food Services
CACFP - Child & Adult Care Food Program
OPS - Operations
SC - School Choice
SSFS - School System Financial Services
SSR - School System Relations
TL - Teaching & Learning
CCAP - Child Care Assistance Program
CCBC - Child care Background Check
EC - Early Childhood
IAT - Interagency Transfer
SGR - Self-Generated Revenue
Stat Dedication - Statutory Dedication
T.O. - Table of Organization

Risk Factors

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

Office/Division/Section	Risk Questionnaire		Budget and other Funding Totals *							Staff Size	Reportable Findings		Media Issues	Management	Risk	
	Acronym	Overall Score	FY 2024	FY 2024	FY 2024	FY 2024	FY 2024	FY 2024	Total	Total	(X)	Type	Impact (M) (H)	(L)	Concerns (L) (M) (H)	Assessment (L) (M) (H)
			General Fund	Federal Funds	IAT Funds	SGR Funds	Pass Through Funds	Stat Dedication Funds		T.O. per HR						
AAA - Assessment	AAA-Assessment	16.2413	\$ 8,329,724	\$ 21,760,248	\$ 1,538,073	\$ 24,786			\$ 31,652,831	81				L		L
AAA - Analysis & Assessment Reporting	AAA-A&A Reporting	10.1743	"	"	"	"			-	"				L		L
AAA - System Optimization & Governance	AAA-System	9.5240	"	"	"	"			-	"				L		L
AAA - Data System & User Support	AAA-Data	12.6020	"	"	"	"			-	"				L		L
AAA - Operations & Policy	AAA-Ops&Policy	10.9000	"	"	"	"			-	"				L		L
AAA - Research & Data Privacy	AAA-R&D Privacy	5.4800	"	"	"	"			-	"				L		L
CCR - Well Being	CCR-Well Being	19.7587	285,275	1,037,064.72	720,517.00		\$ 851,557		2,894,412.82	26				M		L
CCR - Foundation Years	CCR-Foundation	11.0880	647,408	2,609,626.46		421,387	5,063,197	\$ 313,655	9,055,273.83	"				M		L
CCR - Quality Diplomas	CCR-Diplomas	12.4987	"	"			"	"	-	"				M	M	M
CCR - Extensioin Portfolio	CCR-Portfolio	15.0960	"	"		"	"	"	-	"				L		L
GAPA - HR Operations	GAPA-HROps	14.5520	189,413	794,122.15					983,535.42	9				M		L
GAPA - HR Compensation & Recruitment	GAPA-HRComp	14.4840	"	"					-	14				M		L
GAPA - Ops - FSGR - Federal Programs	GAPA-Federal	11.6720	244,887	39,444,235.63	73,699	75,485	1,101,668,993		1,141,507,299.11	12				H		L
GAPA - Ops - FSGR - Statewide Montioring	GAPA-Monitoring	18.6380	3,626	4,834.77					8,460.99	22				L		L
GAPA - Ops - FSGR - Grants Management	GAPA-Grants	17.0387	443	22,408.35					22,851.51	14	X	1,5		M		L
GAPA - Ops - FNS-SFS	SFS	16.2065	340,185	5,739,936.24			470,637,313		476,717,434.51	28				M		L
GAPA - Ops - FNS-CACFP	CACFP	18.2665	"	"			"		-	21	X	6		M	M	M
SC - Charter Accountability	SC-Charter	10.6060	1,385,877	88,919.61	563,154		39,343,503		41,381,453.32	19				M		L
SC - Portfolio Opportunities	SC-Portfolio	14.1153	"	"			"		-					L		L
SC - Statewide Interventions	SC-Statewide	15.7120	"	"	"	"	"		-					L		L
SC - RSD	SC-RSD	10.9140	"	"	"	"	25,630,738		25,630,738.27					M		L
SSFS - Fiscal - Fiscal Management	SSFS-Fiscal Mgmt	14.7020	375,426	1,975,878.74	188,447				2,539,751.60					L		L
SSFS - Fiscal - Expenditure Control	SSFS-Expenditure	13.9900	"	"	"				-					M		L
SSFS - Fiscal - Budget Management	SSFS-Budget	14.4460	"	"	"				-					L		L
SSFS - MFP	SSFS-MFP	10.8240	7049167	31,252,666.00	183,398		1,657,796	3,624,484,904	3,664,627,931.00	64	X	1		H		L
SSFS - Audit	SSFS-MFP Audit	11.8820	"	"	"		"		-					L		L
School System Relations	SSR	11.7573	371,091	510,245.47	714,000		1,763,917		3,359,253.20	7				L		L
TL - Academic Content	TL-Academic	10.8120		15,183,719.17			165,817,793		181,001,512.17	104				M		L
TL - Diverse Learners	TL-Diverse	15.1687		2,781,022.06			150,193,119		152,974,141.06					M		L
TL - Certification	TL-Certification	18.4875		"			"		-		X	8		M		L
TL - Educator Development	TL-Development	14.2560		12,662,545.02					12,662,545.02					M		M
TL - Literacy	TL-Literacy	12.2300		43,205,867.14					43,205,867.14					H		L
TL - School Improvement	TL-Improvement	14.6200		5,038,108.10					5,038,108.10					H		L
TL - Early Childhood - CCAP	EC-CCAP	16.7300	10,478	6,895,567.14			366,945,683	12,907,569	386,759,296.70	196	X	1,3		M		M
TL - Early Childhood -- CCBC	EC-CCBC	16.1020				659,207			659,206.62		X	8		M		M
TL - Early Childhood - EC Licensing	EC-Licensing	16.0300	216	3,594,905.10		152,241			3,747,361.97					M		L
TL - Early Childhood - EC Strategy	EC-Strategy	22.4320	560,096	17,330,602.79	140,000				18,030,698.48					L		L
TL - Early Childhood - Admin Affairs	EC-Admin	20.3693	"	"	"				-		X	1,8		M		M
			\$ 19,793,311	\$ 211,932,523	\$4,121,288	\$1,333,105	\$2,329,573,609	\$3,637,706,128	\$6,204,459,964	617						

ACRONYM LEGEND

AAA - Assessments, Accountability, & Analytics
CCR - College & Career Readiness
GAPA - Governmental, Administrative, & Public Affairs
FSGR - Federal Support & Grantee Relations
FNS - Food & Nutrition Services
SFS - School Food Services
CACFP - Child & Adult Care Food Program
OPS - Operations
SC - School Choice
SSFS - School System Financial Services
SSR - School System Relations
TL - Teaching & Learning
CCAP - Child Care Assistance Program
CCBC - Child care Background Check
EC - Early Childhood
IAT - Interagency Transfer
SGR - Self-Generated Revenue
Stat Dedication - Statutory Dedication
T.O. - Table of Organization

NOTE: *Funding totals based on April 30, 2024 information

AUDITOR LEGEND

1 = LLA [L.A. Legislative Auditor]
2 = LLA IT
3 = LLA Performance
4 = BIA [Bureau of Internal Audit]
5 = USDOE Program and/or OIG
6 = USDA Program and/or OIG
7 = State Inspector General
8 = Other

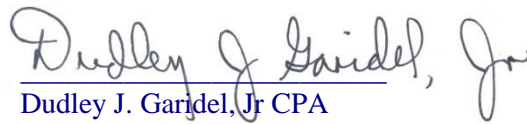
Risk Legend

L = Low
M = Medium
H=High

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. A copy of this report is available upon request from the LDOE BIA.

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



Dudley J. Garidel, Jr CPA
Director of Internal Audit