

# SIGNIFICANT AUDIT FINDINGS - SINGLE AUDITS OF SCHOOL BOARDS & CHARTER SCHOOLS

For the Year Ended 6/30/14

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## INTERNAL AUDIT REPORT

Audit Control Number 16-01  
August 12, 2015



Issued: August 12, 2015

LOUISIANA STATE DEPARTMENT OF EDUCATION  
BUREAU OF INTERNAL AUDIT  
Baton Rouge, LA

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### 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

August 12, 2015

Board of Elementary and Secondary Education  
Superintendent John White, Superintendent of Education  
Louisiana Department of Education

Enclosed is the report on significant audit findings for single audits of school districts and charter schools for the year ended June 30, 2014. If you have any questions, please contact us.

Respectfully submitted,

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

DJGJr

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## PURPOSE

By an informal verbal agreement with the United States Department of Education (USDOE) Office of Inspector General (OIG), the Louisiana Department of Education (LDE) administers some functions related to school district (LEA) and charter school single audits in the State of Louisiana. As part of its responsibilities, the Bureau of Internal Audit (BIA) performs desk reviews of certain of these single audit reports.

The reports are based on audits by independent certified public accountants in accordance with federal and state regulations. The BIA desk review is performed to determine compliance with Office of Management and Budget (OMB) Circulars and other regulatory guidelines.

The following is a listing of significant or notable findings for the year ended June 30, 2014.

### Noncompliance with State Laws and Regulations (page 2)

- Timely Audit Reports
- Donation/Gift of Public Funds
- Fixed Asset Accounting/Movable Property
- Under-Collateralized Bank Deposits
- School Activity Funds

### Noncompliance with Federal Laws and Regulations (page 3)

- Highly Qualified Teachers
- School Food Service
- Suspended/Debarred Vendors
- Title I

Entities with repeated findings are noted as such by the Division of Education Finance in its annual risk assessment. These entities are assigned a higher risk rating due to these repeated findings. As a result these entities are more likely to be audited by the Division of Education Finance during its annual audit process.

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## Charter School Legend

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CSAL

Community School for Apprenticeship Learning

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## SIGNIFICANT FINDINGS NOTED

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The BIA believes the findings posing the most risk to the school districts and charter schools are those related to noncompliance with applicable laws and regulations which could result in the recapture of those monies by federal or state government.

For the year ended June 30, 2014, significant audit findings and the school district/system associated with those findings of noncompliance or internal control weakness are as follows:

### Noncompliance with State Laws and Regulations

#### **Timely Audit Report**

Criteria: Louisiana Revised Statute 24:513 requires public and quasi-public organizations receiving state or federal assistance to obtain audit services and submit an audit report within six months from the end of the fiscal year.

3<sup>rd</sup> Consecutive Finding  
CSAL

Finding: The CSAL did not submit the audit report to the Single Audit clearing house within nine months of year end. The audit was complete but CSAL failed to submit the audit in accordance with federal regulations.

Corrective Action: In future years the audit engagement will include assistance from the audit firm in submitting the report in a timely manner. The Business Manager and audit firm will have weekly documented communication to ensure the audit remains on schedule.

#### **Fixed Asset Accounting/Movable Property**

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.

2<sup>nd</sup> Consecutive Finding  
Concordia

Finding: Depreciation expense could not be calculated within the Concordia Parish School Board new fixed asset program. This occurred because the use of the program had not been fully implemented.

Corrective Action: Concordia Parish School Board staff implemented necessary steps to ensure depreciation expense will be calculated properly by the program in the future.

St Landry

Finding: St Landry did not conduct a physical inventory of fixed assets for the year ended June 30, 2014.

Corrective Action: St Landry officials stated a physical inventory will be conducted at year end in the future. An annual inventory count was being conducted at June 30, 2015.

### **Under-Collateralized Bank Deposits**

Criteria: Louisiana Revised Statutes 39:1211-1235 require bank deposits of public entities be fully secured at all times.

2<sup>nd</sup> Consecutive Finding  
East Carroll

Finding: During the test of cash deposits it was determined deposits held at one of the banks were under-secured by \$174,499.

Corrective Action: School board officials indicated the bank would be contacted and instructed to properly secure the school board's cash deposits.

### **School Activity Funds**

Criteria: While School Activity Funds are not the property of the LEA or charter schools, they maintain 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 boards listed below had one or more individual schools which did not properly document or account for transactions in that 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).

6 <sup>th</sup> Consecutive Finding	4 <sup>th</sup> Consecutive Finding
St Landry	West Carroll

St Landry

Corrective Action: St Landry indicated school activity funds would be monitored more closely and school administrators would be contacted regarding these issues and proper internal control for these funds.

West Carroll

Corrective Action: West Carroll indicated school officials and employees were aware of restrictions but had been lax in the enforcement of said restrictions. The school boards will communicate all procedures to the schools.

### **Noncompliance with Federal Laws and Regulations**

Federal programs contain various eligibility requirements which must be met in order to allow participation in a program. Such requirements vary depending on the program.

#### **Highly Qualified Teachers**

Criteria: The 'No Child Left Behind' Act [NCLB] requires school boards to ensure all teachers of core academic subjects and paraprofessionals working in a program supported with Title I, Part A funds meet specific qualifications requirements. Noncompliance could

lead to recapture of those monies and possible disqualification by the federal government from further participation.

4<sup>th</sup> Consecutive Finding  
St Mary

Finding: St Mary failed to ensure individuals working in NCLB programs met specific qualifications.

Corrective Action: St Mary is addressing this issue by budgeting funds annually to assist current teachers and paraprofessionals with the costs associated in obtaining necessary credentials to fulfill the highly qualified requirements of the NCLB.

### **School Food Service**

Criteria: These federal awards provide funding to meet the nutritional requirements of eligible school children. Certain specific accounting procedures must be in place to administer these programs.

2<sup>nd</sup> Consecutive Finding  
Jackson

Finding: Jackson Parish School Board did not ensure all Child Nutrition disbursements were recorded in the appropriate general ledger account.

Corrective Action: School board officials indicated new procedures had been established to ensure such errors would not recur.

Jefferson

Finding: Jefferson Parish School Board had errors on manually calculated free and reduced price lunch applications. This caused the school board to be reimbursed a greater sum of money than that to which it was entitled resulting in questioned costs.

Corrective Action: Training sessions were conducted with meal application processors; and the School Board's food service department will cross check future applications after they are processed to prevent errors.

### **Suspended/Debarred Vendors**

Criteria: Under the OMB Circular A-133 Compliance Supplement, an entity is prohibited from contracting with vendors which have been suspended or debarred from conducting business with federal award programs. The entity must certify the vendor is not suspended or debarred from transactions expected to equal or exceed \$25,000. Noncompliance could lead to recapture of those monies and possible disqualification by the federal government from further participation.

2<sup>nd</sup> Consecutive Finding  
Bossier

Finding: Bossier has procedures to obtain certifications for items purchased with purchase orders or the bid process. Bossier does not, however, have suspension/debarment procedures for service expenditures or expenditures which do not involve a purchase order. The issue was unresolved and ongoing as of June 30, 2013.

Corrective Action: Bossier officials stated purchase orders will be required for all Federal program expenditures of \$25,000 or greater. This will insure controls are in place to verify vendors are not suspended or debarred. In-service training for all federal programs was conducted on February 28, 2015.

### **Title I**

Criteria: This federal award provides funds to enable school districts/systems to improve the teaching and learning of children failing or most at-risk of failing and meet challenging State academic standards. Noncompliance could lead to recapture of those monies and possible disqualification by the federal government from further participation.

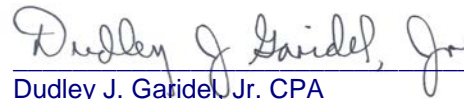
#### 3<sup>rd</sup> Consecutive Finding Jackson

Finding: Jackson Title I personnel listed Jonesboro Hodge High School as a Title I school although it was not.

Corrective Action: School board officials stated a procedure has been developed to ensure this does not occur again.

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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