

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

For the Year Ended 6/30/15

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## INTERNAL AUDIT REPORT

Audit Control Number 17-03  
October 12, 2016



Issued: October 12, 2016

LOUISIANA 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

October 12, 2016

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, 2015. If you have any questions, please contact us.

Respectfully submitted,

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

DJGJr

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**Louisiana Believes**

## PURPOSE

By 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, 2015.

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

- Criminal History Review
- Fixed Asset Accounting/Movable Property
- School Activity Funds
- Student Count

### Noncompliance with Federal Laws and Regulations (page 4)

- 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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## 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, 2015, 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

#### **Criminal History Review**

Criteria: Louisiana Revised Statute 17:15 "Criminal History Review" requires a criminal history review for any applicant or employee of a local school board or nonpublic school or school system. The following entities did not comply with that requirement.

2<sup>nd</sup> Consecutive Finding  
Collegiate Academies  
Iberia

#### Corrective Action:

Collegiate Academies indicated new procedures had been developed involving the Director of Finance who will be responsible to assure all background checks were completed.

Iberia Parish did not indicate which procedures, if any, had been developed to ensure background checks would be completed. The Director of Personnel only indicated three background checks had been located after the audit report was issued; and the remaining four employees were being contacted about a background check.

#### **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.

<u>3<sup>rd</sup> Consecutive Finding</u>	<u>2<sup>nd</sup> Consecutive Finding</u>
Concordia	Caddo
	City of Baker

Concordia

Finding: The detailed capital asset listing was not being reviewed in a timely manner or reconciled to general ledger.

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

Caddo

Finding: An asset(s) was not properly capitalized causing an understatement of fixed assets and indirect cost expense.

Corrective Action: Fixed asset clerks at all schools have been given additional authority to ensure all fixed assets are properly coded and recorded in the general ledger.

City of Baker

Finding: The detailed capital asset listing was not being reviewed in a timely manner or reconciled to general ledger.

Corrective Action: The school system is in the process of upgrading the accounting system for tracking movable property and fixed assets. Additional training will be provided to the appropriate personnel.

**School Activity Funds**

Criteria: While School Activity Funds are not the 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 systems 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).

<u>7<sup>th</sup> Consecutive Finding</u>	<u>2<sup>nd</sup> Consecutive Finding</u>	<u>2<sup>nd</sup> Consecutive Findingde</u>
St Landry	Caldwell	Union
	City of Baker	Vernon
<u>5<sup>th</sup> Consecutive Finding</u>	East Carroll	
West Carroll	Rapides	

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.

Caldwell

Corrective Action: Caldwell indicated changes in personnel were made at the cited schools and new employees were instructed as to proper procedures to follow.

City of Baker

Corrective Action: City of Baker official indicated new procedures had been developed, including a requirement for school activity transactions to be submitted to the central office for review.

#### East Carroll

Corrective Action: East Carroll officials indicated additional training would be provided to the school secretaries.

#### Rapides

Corrective Action: The Rapides Finance Department conducted a mandatory meeting with principals, assistant principals, and secretaries prior to the opening of school to review the policy handbook and procedures and answer any questions or concerns regarding the guidelines.

#### Union

Corrective Action: Schools have been advised of dual signatures needed on checks and check numbers will be investigated and corrected at necessary schools.

#### Vernon

Corrective Action: All appropriate individual school personnel will be retrained on proper school accounting functions to make sure all policies and procedures are followed correctly and school accounting records will be reviewed on a regular basis.

### **Class Size Data Issue**

Criteria: The State of Louisiana requires certain data related to School Districts be tested by Certified Public Accountants conducting Single Audits of School Districts. The following district had errors in class-size data tested according to the required procedures.

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

Avoyelles

Corrective Action: Management indicated procedures would be added to include on-site test counts and additional training for principals regarding proper use of the electronic attendance reporting system. In addition management will consult with information systems personnel to determine if changes to the electronic attendance reporting system software are needed.

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

Federal programs contain various eligibility requirements which must be met in order to allow and/or continue participating 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.

#### 5<sup>th</sup> Consecutive Finding

St Mary

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

James M Singleton

Finding: Both St Mary Parish and James M Singleton Charter failed to ensure individuals working in NCLB programs met specific qualifications.

St Mary

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.

James M Singleton

Corrective Action: James M Singleton management intends to aggressively recruit highly qualified teachers for core subject areas, re-evaluate the credentials of existing staff to promote continuing education support to those staff members seeking highly qualified status.

### **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.

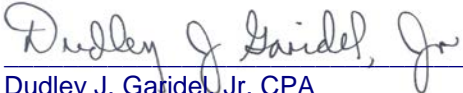
#### 2<sup>nd</sup> Consecutive Finding Jackson

Finding: Jackson Title I personnel listed preschool students in the Title I targeting calculation in error. In addition, Jonesboro Hodge High School qualified as Title I school but it was not offered title I funding.

Corrective Action: School board officials stated procedures have been changed to only allow the Business Manager and Superintendent to submit federal and state budgets to the LDE. Supervisors no longer have this authority.

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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