

SIGNIFICANT AUDIT FINDINGS - SINGLE AUDITS OF SCHOOL BOARDS & CHARTER SCHOOLS For the Year Ended 6/30/18

INTERNAL AUDIT REPORT

Audit Control Number 20-02
July 18, 2019



Issued: August 14, 2019

**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 - Louisiana State Department of Education.

Louisiana Department of Education

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LOUISIANA DEPARTMENT OF EDUCATION

August 14, 2019

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

Enclosed is the report on significant audit findings for single audits of school districts and charter schools for the year ended June 30, 2018. 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

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EXECUTIVE SUMMARY

By agreement with the United States Department of Education (USDOE) Office of Inspector General (OIG), the Louisiana Department of Education (LDOE) administers some cognizant agency functions related to school district (LEA) and charter school single audits in the State of Louisiana.

The Bureau of Internal Audit (BIA) performs desk reviews of certain of these single audit reports. In addition, the BIA compiles a recap of the significant audit findings reported and forwards this information to appropriate Divisions within the LDOE. 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.

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

All reported findings related to federal programs administered by the LDOE must be resolved within 180 days of the report issue date. The Division of Statewide Monitoring is mandated to ensure such findings are resolved.

The following is a listing of significant or notable findings for the year ended June 30, 2018:

Noncompliance with State Laws and Regulations (page 2)

- Agreed Upon Procedures
- Audit Report Untimely
- Debt Service
- Ethics Violation
- Fixed Asset Accounting/Movable Property
- General Fund Deficit
- Louisiana Local Government Budget Act
- School Activity Funds
- Fraud/Embezzlement/Theft

Noncompliance with Federal Laws and Regulations (page 12)

- Eligibility
- Office of Management and Budget Circular A-87
- Title I

Charter School Legend

ARISE	ARISE Academy
Better Choice	Better Choice Foundation, Inc. dba Mary Coghill Accelerated Charter School
Bricolage	Bricolage Academy
Crescent	Crescent Leadership Academy
Firstline	Firstline Schools, Inc.
French & Montessori	French and Montessori Education, Inc dba Audubon Charter School and Audubon Schools Gentilly
Inspire-EBR	Inspire Charter Academy – East Baton Rouge
JS Clark	Outreach Development Corporation dba JS Clark Leadership Academy
Lafayette Charter	Lafayette Charter Foundation, Inc
LaKey	Louisiana Key Academy
Lycee'	Lycee' Francais De La Nouvelle-Orleans
Pelican	Pelican Educational Foundation, Inc.
Shreveport	Shreveport Charter Foundation, Inc.
Success	Success Preparatory Academy
South LA	South Louisiana Charter Foundation, Inc.
SW LA	Southwest Louisiana Charter Academy Foundation, Inc.

SIGNIFICANT FINDINGS NOTED

For the year ending June 30, 2018, significant audit findings were determined based on our professional judgement after review of the annual single audit reports. The BIA believes findings posing the most risk to the school districts and charter schools are those related to internal control weaknesses surrounding asset security and noncompliance with applicable laws and regulations. Such findings could result in loss of funds or assets and/or recapture of monies by the federal or other governmental entities.

Based on the above, the school district/system/charter schools and associated significant findings, of noncompliance or internal control weakness are as follows:

Noncompliance with State Laws and Regulations

AGREED UPON PROCEDURES [AUP]

Criteria: Louisiana Revised Statute 24:514 requires the Public Accounting firm conducting School Board/District/System/Charter School Single Audits to perform certain additional procedures. These procedures are related to School Board Performance and Statistical Data and are not normally part of an audit. The procedures are intended to assist users in evaluating management's assertions about performance and statistical data and determine whether specified schedules are free of obvious errors and/or omissions.

Finding: When the audit firm tested the AUP for compliance, the below listed entities had exceptions noted.

3rd Consecutive

ARISE
Firstline
LaKey
Ascension Parish
Caldwell Parish
Catahoula Parish
City of Baker
East Carroll Parish
East Feliciana Parish
Grant Parish
Iberville Parish
Jefferson Parish
Orleans Parish
Pointe Coupee Parish
St. John Parish
St Martin Parish

2nd Consecutive

Better Choice
Bricolage
French & Montessori
Inspire-EBR
Lafayette Charter
Lycee'
Pelican
Success
Bossier Parish
Claiborne Parish
Rapides Parish
St Mary Parish
Tangipahoa Parish
Union Parish
Vernon Parish
Webster Parish
Zachary Community

Corrective Action: *All entities more or less indicated procedures would be developed or modified to ensure there would be no further occurrences of the errors found.*

AUDIT REPORT UNTIMELY

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 of the close of the entity's fiscal year.

3rd Consecutive

Morehouse Parish
Tensas Parish

2nd Consecutive

East Carroll Parish
Firstline
Natchitoches Parish
Richand Parish
Union Parish

Morehouse Corrective Action: *"Due to hardships of the School Board's financial operations, focus was not placed on the audit and redirected towards solutions for the School Board's future. We will Implement procedures to ensure information is gathered to submit the audit by the statutory December 31 deadline".*

Tensas Corrective Action: *"The new Business Manager is utilizing all resources along with the continued assistance of the consulting CPA firm to ensure that financial records are kept up-to-date and that staff is provided appropriate training*

and resources to perform their job. She is also creating systematic procedures to increase the efficiency and effectiveness of current school board business practices.

East Carroll Corrective Action: “Steps will be taken to ensure that all aspects of the audit are completed timely including reconciling bank statements and liability accounts, correcting any general ledger postings made in error”.

Firstline Corrective Action: “Management, along with the Audit and Finance Committee, have reviewed and appropriately revised the current financial reporting procedures to ensure timely completion of audit engagements. FirstLine will note that there were extenuating circumstances that delayed the completion of the report, including the vacancies and hiring of a new Chief Financial Officer, Controller and Grants Manager, along with implementing a new chart of accounts during the 2018 fiscal year. This has resulted in additional time needed for the preparation of audit work, and completing the report. Management has also worked to implement procedures to ensure accuracy and reliability of financial statements through the monthly close and reconciliation process, along with updating policies to ensure adequate internal controls. FirstLine has created closing and audit timelines that will assist with the timely completion of future audit reports.

Natchitoches Corrective Action: “Future audits need to begin at an earlier date so that they will be completed by the December 31 deadline”.

Richland Corrective Action: “Management has taken the opportunity provided by this process to assess the duties related to each position in the business department and to assess duties of administrative staff at the district and school levels. Coupled with the upgrading of software, this process will help to facilitate the streamlining of operations resulting in a more efficient environment with stronger internal controls. Management considers it of the utmost importance to prioritize and provide uninterrupted service to employees and fiscal management to programs involving services to students. Management also realizes that timely review and reporting of public funds is an important step to maintain transparency in the duties that have been entrusted to us”.

Union Corrective Action: “The School Board will provide all financial information, on a timely basis, required for an audit”.

DEBT SERVICE

Criteria: Louisiana Revised Statute 39:569 states that the governing authority of a subdivision issuing bonds hereunder shall impose and collect annually, in excess of all other taxes, a tax on all property subject to taxation by the subdivision sufficient in amount to pay the interest annually or semiannually and the principal falling due each year, or such amount as may be required, for any sinking fund necessary to retire said bonds at maturity.

Finding: The listed entity failed to ensure one or more bond sinking funds had sufficient funds available at year end to pay the principal and interest payments for the next year.

2nd Consecutive

Webster Parish

Webster Corrective Action: Management stated: *"Will try to better estimate when setting millage and keep calculation file updated."*

ETHICS VIOLATION

Criteria: Louisiana Revised Statute 42:1124.3 requires each member of the management board of a charter school created pursuant to Chapter 42 of Title 17 of the Louisiana Revised Statutes of 1950 to file a financial statement. The required financial statement shall be filed on a form prescribed by the Louisiana Board of Ethics and must be filed by May fifteenth of each year. The document shall be submitted by each new Charter Operator board member within thirty (30) days of appointment.

Finding: The below listed entity failed to ensure all board members filed the prescribed form.

2nd Consecutive

Shreveport Foundation

Shreveport Foundation Corrective Action: *"At the January, February, March, April and May 2018 Board Meetings of the Shreveport Charter Foundation, Inc. {the "Foundation"}, the Tier 3 Personal Financial Disclosure Statement Forms were included in each Board Member's Trustee Packet. Further, the Governing Board Manager transmitted the Louisiana Board of Ethics website to each Board Member to ensure the Tier 3 Personal Financial Disclosure Statement information was electronically accessible. In addition, Counsel for the Board of Trustees discussed the importance of complying with the statutory requirements for submitting a Tier 3 Personal Financial Disclosure Statement to the Louisiana Board of Ethics annually. Lastly, the Tier 3 Personal Financial Disclosure Statement information was placed on the January, February, March, April and May 2018 Board Meeting Agenda of the Shreveport Charter Foundation, Inc. The Governing Board Manager has notified or otherwise attempted to advise the affected members of the delinquency in completing and submitting the 2017 Financial Disclosure Statements to the Louisiana Board of Ethics."*

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 or the recapture of grant monies by the federal or other government entities.

3rd Consecutive

Pointe Coupee Parish

2nd Consecutive

Natchitoches Parish

West Carroll Parish

Pointe Coupee Condition Based On Audit Report: "Property and equipment purchased with federal awards in an amount equal to or exceeding the School Board's capitalization policy of \$5,000 must be identified with the federal award identification number (FAIN) within the accounting records. The School Board did not identify two federally funded equipment purchases of \$30,429 (Child Nutrition Cluster) with program funding by the FAIN within its property control (accounting) records."

Pointe Coupee Corrective Action: *"School Board purchasing staff have received instruction to supply the FAIN number on all assets purchased through federal funds."*

Natchitoches Condition Based On Audit Report: "R.S. 24:515(B) outlines compliance requirements relating to the record keeping of capital assets. An effective system of internal control over capital assets requires that certain data elements be captured in capital asset records for all capital assets...The presence of these data elements in capital asset records help identify and distinguish school board assets from one another, thereby safeguarding school board assets from loss or misappropriation. Deficiencies were noted in the capital asset records. Buildings and improvements titled to the School Board were not kept on a subsidiary ledger. No asset descriptions were provided to the auditor. These errors in the capital asset records were caused by failure to implement internal control procedures to ensure that all items are recorded, valued properly, and classified properly in the school board's capital asset records. The Independent Auditor's Report on the governmental activities is modified because we are unable to satisfy ourselves as to the fair presentation of the School Board's governmental activities capital assets. Failure to maintain an inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of assets."

Natchitoches Corrective Action: *"Management is currently working with our CPA to resolve this deficiency. Management plans to implement an internal control process over capital assets to verify that they are recorded and tracked properly."*

West Carroll Condition Based On Audit Report: "During the testing of capital assets, it was noted that the capital asset listing and depreciation schedule had to be given back to the School Board to correct several times. In performing test of capital assets additions, it was noted that the original listing provided to the auditors originally reflected \$17,000 as current year additions. After testing capital asset additions, it was noted that the report should have reflected an additional

\$587,109 in additions. In performing test of capital assets disposals, it was noted that the original listing provided to the auditors originally reflected no dispositions. After testing capital asset disposals, it was noted that the report should have reflected \$394,588 in dispositions. When agreeing the vehicle insurance listing to the capital asset listing, it was determined that \$689,269 of assets on the listing no longer exist and \$316,194 of assets on the insurance listing were not on the capital asset listing. A construction in progress schedule was not provided...”

West Carroll Corrective Action: “After reviewing the listing of capital assets, we have found that the school system as a whole needs to clean up the asset listing for current and old equipment. When the asset program was introduced, the listing provided was a manual listing and had not been updated in quite a while. This has caused a continual problem for the ongoing accumulation of fixed assets. Also over time, the responsible person for maintaining fixed asset records has changed several times. This has caused personnel to be less familiar with the process of recording fixed assets. The school system will try to provide more training for the record keeping of assets. The school system will perform more physical inventory evaluation to ensure that listings are kept up-to-date.”

GENERAL FUND DEFICIT

Criteria: The entities below incurred a General Fund deficit as of year-end. Such a condition indicates a deficiency of available funding or lack of adequate management oversight for spending.

3rd Consecutive

South LA

2nd Consecutive

Lafayette Charter

Shreveport

SW LA

South LA Corrective Action: Management did not present a plan of corrective action in the financial statements related to reducing the deficit.

Lafayette Charter Corrective Action: Management did not present a plan of corrective action in the financial statements related to reducing the deficit.

Shreveport Corrective Action: Management did not present a plan of corrective action in the financial statements related to reducing the deficit.

SW LA Corrective Action: Management did not present a plan of corrective action in the financial statements related to reducing the deficit.

LOUISIANA LOCAL GOVERNMENT BUDGET ACT

Criteria: In accordance with the Louisiana Local Government Budget Act (Louisiana Revised Statutes 39:1301 through 39:1315), the proposed budget shall be accompanied by a proposed budget adoption instrument and include a budget message signed by the budget

preparer. In addition, a political subdivision shall certify completion of the adopted budget by publishing a notice of adoption in the official journal.

2nd Consecutive

Madison Parish

Madison Parish Condition Based On Audit Report: "The School Board did not make available for public inspection, nor adopt during an open board meeting, budgets for its special revenue funds. The School Board's General fund expenditures exceeded budgeted expenditures by greater than 5%."

Madison Corrective Action: "The Madison Parish School Board will adopt all budgets General and Special Revenue at their regular meetings prior to funds being expended. The Board will amend General Fund budget at year end. These procedures have been instituted to ensure that this Finding will be resolved."

SCHOOL ACTIVITY FUNDS

Criteria: While School Activity Funds are not 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 the 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).

8th Consecutive

St Landry Parish

4th Consecutive

Lafayette Parish

2nd Consecutive

Catahoula Parish

Webster Parish

West Carroll Parish

5th Consecutive

Rapides Parish

3rd Consecutive

South LA

St Landry Corrective Action: "The School Board performs routine audits of the school activity funds. In the past, school administrators allowed certain groups to spend funds that were not available to their group, which has created negative cash balances for some groups. All school administrators have been informed of the proper procedures for spending school activity funds".

Rapides Corrective Action: "The Finance Department will continue to conduct refresher meetings to emphasize the procedures as outlined in the School Activity Fund Manual and the importance of following these Board approved procedures. In addition, the Administration will conduct a meeting with the principal and secretary for Rosenthal Montessori Elementary, Poland Junior High School,

Alexandria Sr. High School and Tioga High School to review the findings and discuss a plan to correct these findings and prevent future findings".

Lafayette Corrective Action: *"The school activity department performs fifteen to twenty audits per year. These audits coupled with external audits provide close to 100% of schools being reviewed each year. In 2015, an audit rating form was implemented and is used to provide an overall rating to each school based on internal audit results. In 2016, performance objectives for principals were changed to allow including the audit ratings in the evaluation of the principals thereby increasing the level of accountability. In 2017, the school activity audit department began reviewing fundraisers as they were completed. This has allowed the department to assist the fundraiser sponsor with any issues that may exist with the fundraiser reconciliation. Additionally, the department offers training to schools as requested. In 2018, training videos that provide step-by-step instructions on the proper completion of fundraiser activity reconciliations were made available. All sponsors of fundraisers are required to view the videos. Additionally, the department continues to offer training to schools as requested. In 2019, account clerks were hired to assist high school bookkeepers with fundraiser reconciliations. Administration has set a primary goal of all schools obtaining a "Fair" audit rating in fundraising and class fees areas."*

South LA Corrective Action: *"School administrators are aware that record retention is an issue and must be corrected. Policies and procedures are being reviewed to determine what needs to be in place to ensure proper record keeping. Leadership will work with school administrators to ensure existing and new policies are enforced so documentation is available when requested. Management will continue to remind the school of the importance of proper recordkeeping".*

Catahoula Corrective Action: *"Although there were no written policies for the proper storage of checks and for the use of purchase orders, all principals were given verbal guidelines in December 2017, on both of these issues. This will be reiterated to all principals in January 2018, at the next scheduled principal's meeting and also with the school secretaries at a special meeting for them. All of these items are procedures of the school system, whether verbal or written, and will be addressed to each school principal. In the future, if these items are not followed, the principal will be subject to appropriate disciplinary action as deemed by the Superintendent".*

Webster Corrective Action: *"We are revamping our annual finance workshop. We will conduct the annual training with smaller groups".*

West Carroll Corrective Action: *"The school chosen for testing this year now has a new principal. Many of these weaknesses were tested in a period prior to the start of the new administration. All of these reported weaknesses were discussed with the new principal and changes have been implemented to help eliminate them from occurring again. Progress has been made but more direction will be given to ensure the student activity funds guidelines are followed".*

FRAUD/EMBEZZLEMENT/THEFT

The following entities had one or more reported instances of fraud, embezzlement, or theft.

5th Consecutive

St Landry Parish
St Martin Parish

2nd Consecutive

Bossier Parish
Caddo Parish
City of Monroe
East Baton Rouge Parish
St John Parish

3rd Consecutive

Avoyelles Parish

St Landry Corrective Action: *"The School Board will continue to conduct routine inventory checks to mitigate these types of risks. As of the date of this report, the Notebook has not been recovered".*

St Martin Corrective Action: *"In fiscal year ended June 30, 2016, an employee of the school board misappropriated funds from the administrative office. The employee was arrested in August 2016. The approximate amount of the misappropriation was estimated at \$17,338 as of June 30, 2016. In fiscal year ended June 30, 2017, Casey V. Broussard, CFO and Allen Blanchard, Jr., Director of Personnel contacted the St. Martin Parish Sheriff's Office, the Sixteenth Judicial District Attorney's Office, and the Legislative Auditor's Office. The case is being handled by the District Attorney's Office. The defendant pled guilty on April 24, 2017. She was sentenced to serve three years of hard labor, which was suspended, and she was placed on supervised probation for a period of five years. The defendant has paid very little restitution. The school board is still owed funds of approximately \$17,030. The former employee has until April 24, 2022 to make full payment. Although the finding was not completely resolved as of June 30, 2018, the only "open" component of the matter is the restitution owed to the school board. Ms. Broussard and/or Mr. Blanchard will contact the District Attorney's Office to inquire about restitution payments. They will also continue to monitor the collection of the restitution owed to the school board".*

Avoyelles Corrective Action: *"System policies and procedures are in place that provide internal controls and detection controls to prevent theft of system assets by employees. These controls detected the theft and appear to be working. Applicable personnel will continue to monitor controls and implement new policies, procedures and controls as deemed necessary and appropriate".*

Bossier Corrective Action: *"On January 29, 2018, the Bossier Parish School Board Central Office discovered that while employed by the Bossier Parish School Board, Ms. Shaletta Kinkendoll, Food Service Supervisor had withdrawn funds from an account held for the Bossier Parish Food Service Association for her personal use from January 2017 until January 2018. This account is considered an*

agency account of the School Board. Ms. Kirkendoll resigned her employment with the District and the matter was referred to the Bossier Parish Sheriff's Department. Ms. Kirkendoll has been charged on one count of felony theft for \$25,000 and one count of malfeasance in office and is currently out on a \$30,000 bond and awaiting trial. The Bossier Parish Food Service Association account was "frozen" on January 29, 2018, with no further fundraisers pending an investigation of the association funds. The investigation also revealed that Ms. Kirkendoll misappropriated approximately \$5,000 from the redemption of Domino reward points earned by the School Food Service Fund in merchandise for personnel use. An insurance claim has been filed. The School Board notified the Legislative Auditor and the District Attorney in writing on January 29, 2018 as required by LRS 24:523. The Bossier Parish Food Service Association's account is now monitored and reconciled monthly. Regarding Domino Pizza reward points, a formal approval process is in place to ensure the appropriateness of redemptions as benefitting the school food service program".

Caddo Corrective Action: "During the performance of an internal audit of University Elementary School completed in February 2018, it was discovered that the bookkeeper, had misappropriated \$26,753.23. This misappropriation occurred from 2016 through 2017. The bookkeeper was terminated and the matter was turned over to the Shreveport Police Department Tracy Wood was ultimately arrested and her court case is still pending. The Legislative Auditor was notified in December 2018. As a result of this theft, the principal was given further training on controls required to be in place at the school level to prevent the theft of public funds."

City of Monroe Corrective Action: "Management of the School Board and the School is responsible for establishing and maintaining effective internal controls. In June 2017, the School Board became aware of a misappropriation of funds at Carroll High School. The Louisiana Legislative Auditor, the Ouachita Parish Sheriff's Office, the District Attorney and the School Board's attorney were notified immediately. Carroll High School experienced a weakness in internal control, which resulted in a misappropriation of assets of \$43,799 based on the results of the Louisiana Legislative Auditor's investigative audit. The School did not have adequate internal controls in place to prevent or deter theft. We believe actions taken by management were appropriate. The School Board concurs and will recommend the School implement additional controls to avoid this in the future along with closer oversight by the School Board."

EBR Corrective Action: "The EBRPSS Internal Audit department is committed to ensuring that the assets of the District are properly handled and safeguarded. Our plan going forward is to offer more training opportunities and materials to Executive Secretaries, Principals, and staff members so that policies and procedures can be readily accessible to all District employees. It is also our goal to have more of a presence within the schools. We will begin conducting random visits at the school where the Internal Audit department will perform an overview of the record-keeping processes to ensure that the financial records are being

properly maintained. Through regular training and a continuous presence at the schools, the Internal Audit department will be better prepared to effectively monitor and prevent instances of fraud, waste, and abuse within the District.”

St John Corrective Action: “The Board engaged the Board's contracted external auditor, Carr, Riggs & Ingram, LLC ("CPAs"), to perform a forensic examination of the accounts of West St. John High School, including the school's student activity funds. The forensic examination report, which was issued on March 28, 2018, lists numerous fundraiser events where cash deposits were short of cash collected, not deposited at all and/or simply unaccounted for. Discrepancies between cash receipts and deposits totaled \$7,516. The responsible employee has been placed on leave pending further investigation. The School Board has formally referred the matter to the St. John the Baptist Parish Sheriff's Office and District Attorney's Office for further investigation of possible misappropriation of School Board funds. No restitution has been made nor has any insurance claim been filed at this time.”

Noncompliance with Federal Laws and Regulations

Federal programs contain eligibility requirements which must be met in order to allow and/or continue participating in a program. Such requirements vary depending on the program.

ELIGIBILITY

Criteria: Federal programs contain various eligibility requirements which must be met in order to participate in a program. Requirements vary depending on the program. Noncompliance could lead to recapture of those monies and possibly being disqualified from participating in future grant programs.

3rd Consecutive Finding

Lafayette Parish

Lafayette Condition Based On Audit Report: “Code of Federal Regulations [CFR] 45 Section 260.31 requires TANF assistance be received only by financially needy families. Information necessary for eligibility determination was not properly obtained, analyzed, and/or documented in the student eligibility files for the Temporary Assistance to Needy Families [TANF] [93.558] Program. In addition, enrollment reports required by the TANF--LA4 Early Childhood Program grantor were not accurately prepared or reported.

The public accounting firm conducting the annual audit stated in its report: As described in the accompanying schedule of findings and questioned costs, the School Board did not comply with requirements regarding CFDA 93.558 Temporary Assistance for Needy Families as described in finding number 2018-006 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the School Board to comply with the requirements applicable to that program. In our opinion...the School Board did not comply, in all material

respects, with the types of compliance requirements referred to above that could have a direct and material effect on Temporary Assistance for Needy Families for the year ended June 30, 2018.”

Lafayette Corrective Action: *“In order to improve our eligibility determination training adjustments were made and updated documents will be used by the group collecting information. The number of people collecting income will be limited and employees collecting income will be given samples of how to document unique situations. All files with unique situations will be double checked for issues that may have not been resolved. Someone from the LDE verified that the new process we will be using is adequate. Also, we updated forms that are completed when collecting information, and added an additional person to check the packet once it is complete to ensure compliance.”*

OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-87

This federal circular establishes certain administrative requirements for federal awards, which include, but are not limited to, allowable costs, accounting record requirements, and allocation of time to federal awards. Noncompliance could lead to recapture of those monies and possible disqualification by the federal government from further participation.

2nd Consecutive Finding

JS Clark

JS Clark Condition Based On Audit Report: “Costs charged to the 21st CCLC Program (CFDA 84.287C) are required to be consistent with federal cost principles under the Uniform Guidance 2 CFR Part 200 {Uniform Guidance}. Review of...reimbursement requests submitted to the 21st CCLC program discovered unallowable charges related to employee benefits. The Academy's reimbursements included 100% of the Site Coordinator's health insurance, however, only 21% of the employee's salary was charged to the 21st CCLC program. The budget was approved by the Department of Education but does not break down salaries by percent allocation. Per the Louisiana Department of Education, requests for reimbursements of employee benefits should be based on the time and effort allocations.”

JS Clark Corrective Action: Management stated: *“This information is in the Academy's separate Management's Corrective Action Plan for Current Year Findings and Management Comments.”*

Note: The above mentioned JS Clark Corrective Action plan was NOT included with the submitted audit report.

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 CFR 200.303 requires that the entity establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the entity is managing the Federal award in compliance with statutes, regulations, and the terms and conditions of the Federal award. Nonfederal entities are required to have certain written policies and procedures surrounding the management of their federal award funding. The cost principles in 2 CFR Part 200, subpart E prescribe the cost accounting requirements associated with the administration of Federal awards by local governments including the requirements for allowable costs/cost principles and states that the entity is responsible for oversight of the operations of the Federal award supported activities.

3rd Consecutive Finding

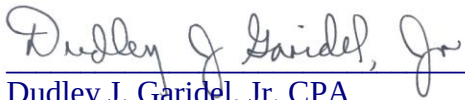
Tensas Parish

Tensas Condition Based On Audit Report: “The School Board did not demonstrate adherence to certain program compliance requirements by ensuring that effective internal controls were maintained to provide reasonable assurance that the School Board managed Federal awards in compliance with statutes, regulations, and the terms and conditions of the Federal Awards. Management attempted to follow up on irregularities and deficiencies identified in audits, reviews and monitoring, but actions were not effective and timely enough for the School Board to be in compliance during the fiscal year ended June 30, 2018.”

Tensas Corrective Action: “The new Business Manager is utilizing all resources along with the continued assistance of the consulting CPA firm to ensure that financial records are kept up-to-date and that staff is provided appropriate training and resources to perform their job. She is also creating systematic procedures to increase the efficiency and effectiveness of current school board business practices.”

Public Document

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