

# **SINGLE AUDITS OF SCHOOL BOARDS SIGNIFICANT AUDIT FINDINGS**

**For the Year Ended 6/30/08**

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## **INTERNAL AUDIT REPORT**

Audit Control Number 10-01  
November 22, 2009



Issued: January 21, 2010

**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.*



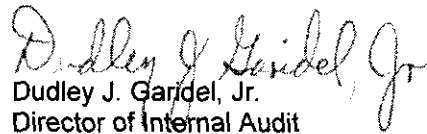
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January 21, 2010

Board of Elementary and Secondary Education  
Mr. Paul G. Pastorek, Superintendent of Education  
Louisiana Department of Education

Enclosed is the report on significant audit findings for single audits of school boards for the year ended June 30, 2008. If you have any questions, please contact us.

Respectfully submitted,

  
Dudley J. Garidel, Jr.  
Director of Internal Audit

DJGJr

Distribution:

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Office of the State Inspector General

## EXECUTIVE SUMMARY

By verbal agreement with the United States Department of Education (USDOE) the Louisiana Department of Education (LDE) performs certain cognizant agency functions related to school board single audits in the State of Louisiana. As part of its responsibilities, the Bureau of Internal Audit (BIA) performs desk reviews of selected school board single audit reports. The audit reports are prepared by independent certified public accountants and forwarded to the BIA for review. The review is performed to determine compliance with Office of Management and Budget (OMB) Circular A-133 and other regulatory guidelines. Listed below is a summary of significant or notable findings relative to school board audits.

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

- Movable Property Accounting
- Timely Audit Report
- Criminal History Review
- Louisiana Budget Act
- School Activity Funds
- Public Bid Law
- Agreed Upon Procedures
- Seventy Percent Instructional Expenditures

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

- Title I
- Title 2
- Individuals With Disabilities Education Act (IDEA)/Special Education
- School Food Service
- Office of Management and Budget (OMB) Circular A-87
- Suspended/Debarred Vendors
- Maintenance of Effort
- Cash Management
- Timely Reimbursement Requests

## **SIGNIFICANT FINDINGS NOTED**

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For the year ended June 30, 2008, significant audit findings and the school boards associated with those findings of noncompliance or internal control weakness are as follows:

### **Noncompliance with State Laws and Regulations**

#### **Movable Property Accounting**

Louisiana Revised Statutes require public entities to maintain adequate control and accountability over movable property.

6<sup>th</sup> Consecutive Finding  
City of Baker  
Jackson

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

1<sup>st</sup> Finding  
Acadia

5<sup>th</sup> Consecutive Finding  
East Feliciana

2<sup>nd</sup> Consecutive Finding  
West Baton Rouge

#### **Timely Audit Report**

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.

1<sup>st</sup> Finding  
Iberville

#### **Criminal History Review**

Louisiana Revised Statute 17:15 requires a criminal history review for any applicant or employee of a local school board or nonpublic school or school system.

1<sup>st</sup> Finding  
Lafayette

#### **Louisiana Budget Act**

Louisiana Revised Statutes 17:88 and 39:1304-1310 require specific information on the notification, adoption, and amendments of budgets.

1<sup>st</sup> Finding  
Allen  
Beauregard  
Bienville  
Bossier  
Cameron

1<sup>st</sup> Finding (cont)  
Concordia  
Jackson  
Morehouse  
Ouachita

1<sup>st</sup> Finding (cont)  
Rapides  
St. Tammany  
Tangipahoa  
Washington

### School Activity Funds

While School Activity Funds are not the property of the school boards, the boards maintain a fiduciary and monitoring responsibility for these funds. Louisiana Revised Statute 17:414.3 regulates the management, expenditure of, and accounting for School Activity Funds.

4<sup>th</sup> Consecutive Finding  
Claiborne

1<sup>st</sup> Finding  
Caldwell  
Jackson  
Pointe Coupee

### Public Bid Law

The Public Bid Law outlined in Louisiana Revised Statute 38:2212 mandates certain procedures and requirements for procurement of high-dollar value goods and services.

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

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

1<sup>st</sup> Finding  
Calcasieu  
East Feliciana  
Jackson  
Lafayette

### Agreed Upon Procedures

Louisiana Revised Statute 24:514 requires the Certified Public Accountant conducting a School Board/District/System Single Audits to perform certain "agreed upon 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.

5<sup>th</sup> Consecutive Finding  
East Carroll  
St. Landry  
St. Tammany  
West Carroll

4<sup>th</sup> Consecutive Finding  
City of Baker  
Claiborne  
Franklin  
Jackson  
Lincoln

3<sup>rd</sup> Consecutive Finding  
Assumption  
Concordia  
DeSoto  
East Baton Rouge  
Grant

Morehouse  
Webster

2<sup>nd</sup> Consecutive Finding  
Caldwell  
East Feliciana  
Iberville

2<sup>nd</sup> Consecutive (cont)  
LaSalle  
Plaquemines  
Richland  
Union  
Vernon

1<sup>st</sup> Finding  
Cameron  
Central Community  
Madison  
Terrebonne  
Zachary Community

### Seventy Percent Instructional Expenditures

Louisiana Senate Concurrent Resolution #142 of the 1993 Session requires at least seventy percent of General Fund expenditures be spent for instructional purposes.

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

1<sup>st</sup> Finding  
Cameron

**Noncompliance with Federal Laws and Regulations****Title 1**

This federal award provides funds to enable school districts to improve the teaching and learning of children failing or most at-risk of failing and meet challenging State academic standards.

2<sup>nd</sup> Consecutive Finding

St. Landry  
St. Mary

1<sup>st</sup> Finding

Beauregard

**Title 2**

This federal award provides funding to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools.

1<sup>st</sup> Finding

Iberville

**IDEA/Special Education**

This federal award provides the special education and related services needed to make a free appropriate public education available to all eligible children.

1<sup>st</sup> Finding

Calcasieu  
Franklin

**School Food Service**

These federal awards provide funding to meet the nutritional requirements of eligible school children.

1<sup>st</sup> Finding

Caldwell  
Union

**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.

2<sup>nd</sup> Consecutive Finding

West Baton Rouge

1<sup>st</sup> Finding

Assumption  
Beauregard

1<sup>st</sup> Finding (cont)

Cameron  
East Feliciana  
Winn

**Suspended/Debarred Vendors**

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.

1<sup>st</sup> Finding  
Assumption

**Maintenance of Effort**

Certain federal programs require a continued minimum level of funding based on expenditures in the previous year(s), depending on the program.

1<sup>st</sup> Finding  
Jackson

**Cash Management**

Federal regulations require entities receiving federal funds to establish reasonable procedures to manage federal cash balances and disbursements.

1<sup>st</sup> Finding  
Beauregard

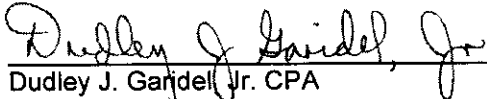
**Timely Reimbursement Requests**

The Code of Federal Regulations requires claims on federal awards be paid on a reimbursement basis. School districts are required to use general fund resources to pay costs of federal programs. The general fund receives refunds through the reimbursement process and must submit reimbursement claims in a timely manner in order to avoid causing a significant loss in interest revenue to the school board's general fund.

1<sup>st</sup> Finding  
Assumption

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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. Gaidel, Jr. CPA  
Director of Internal Audit