

# **FY2013-14 FISCAL RISK ASSESSMENT**

## **Action Required: Monitor**

### **June 2014**

This category represents districts the Department will monitor regarding specific items either through an already established procedure such as the Audit Resolution Process, or via written inquiries as either a precautionary measure, or to assure continued progress in areas that have been problematic in the past. New charter schools (first year of operation is FY2013-14) are provided a Financial Practices Self-Assessment for completion.

# FY2013-14 Fiscal Risk Assessment

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#### Avoyelles

##### **I – Audit Opinion on Internal Controls**

- Material Weakness – Failure to follow Policies and procedures regarding accounting for school activity funds – Fundraisers were not properly approved or accounted for. Monies were not being receipted properly and deposited timely
  - Material Weakness – Cafeteria workers misappropriation of assets – Two employees allegedly falsified hours worked.
  - Material Weakness – Issues of Noncompliance – Cash deposit collateral
- Monitored by LDOE through the Audit Resolution Process

#### Beauregard

##### **K – Fraud**

- Material Fraud – Misappropriation of school activity funds – Misappropriation of school activity funds was discovered during a routine reconciliation by the principal.
- Monitored by LDOE through the Audit Resolution Process

#### Bienville

##### **I – Audit Opinion on Internal Controls**

- Material Weakness – Inadequate internal control over financial reporting
- Monitored by LDOE through the Audit Resolution Process.

#### Bossier

##### **I – Audit Opinion on Internal Controls**

- Material Weakness – Issues of Noncompliance – Sinking fund requirements
- Monitored by LDOE through the Audit Resolution Process.

#### Caddo

##### **I – Audit Opinion on Internal Controls**

- Material Weakness – Insufficient internal controls over payroll in place. Too many employees had access to modify employee payroll and/or personal information.
- Monitored by LDOE through the Audit Resolution Process

#### Cameron

##### **G – Submittal of General Fund Budget Forms**

- 23 Days Late – Needs Improvement

##### **I – Audit Opinion on Internal Controls**

- Material Weakness – Issues of Noncompliance – The School Board did not publish certain items in the School Board's official journal within the required time frame.
- Monitored by LDOE through the Audit Resolution Process.

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#### Jackson

##### **I – Audit Opinion on Internal Controls**

- Material Weakness – Inadequate internal control over financial reporting.
- Monitored by LDOE through the Audit Resolution Process.

##### **J – Consecutive Audit Findings**

- Fifth year finding: **School Activity Funds** (Resolved in FY2012-13). Deposits were made untimely and there was insufficient supporting documentation for the amounts deposited.
- Monitored by LDOE through the Audit Resolution Process.

#### Lafayette

##### **I – Audit Opinion on Internal Controls**

- Material Weakness – School activity funds – Policies and procedures regarding proper accounting and safeguarding of assets in school activity funds are not being enforced.
- Material Weakness – Issues of Noncompliance – A lack of policies and procedures in place to insure that the verification of eligibility for the Child Nutrition program is properly performed.
- Monitored by LDOE through the Audit Resolution Process.

##### **J – Consecutive Audit Findings**

- Third year finding: **School Activity Funds** (Unresolved in FY2012-13). Policies and procedures regarding proper accounting and safeguarding of assets in school activity funds are not being enforced.
- Monitored by LDOE through the Audit Resolution Process.

#### Orleans

##### **I – Audit Opinion on Internal Controls**

- Material Weakness – Issues of Noncompliance – The budget was not made available for public inspection no later than 15 days prior to the budget adoption by the School Board.
- Material Weakness – Issues of Noncompliance – The School Board did not meet requirements of the state budget laws in regards to the revenues of its general fund by not adopting a budget amendment when their total revenues and other sources failed to meet their budgeted revenues and other sources by 5 percent or more.
- Monitored by LDOE through the Audit Resolution Process.

#### Rapides

##### **I – Audit Opinion on Internal Controls**

- Material Weakness – Misappropriation of school activity funds – School Board's internal auditor discovered a school employee was misappropriating school activity funds.
- Monitored by LDOE through the Audit Resolution Process.

##### **J – Consecutive Audit Findings**

- Fourth year finding: **School Activity Funds** (Unresolved in FY2012-13). Three schools were found to be noncompliant with a few of the school board's policies and procedures.
- Monitored by LDOE through the Audit Resolution Process.

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#### **K – Fraud**

- Material Fraud – Misappropriation of school activity funds – School Board’s internal auditor discovered a school employee was misappropriating school activity funds.
- Monitored by LDOE through the Audit Resolution Process.

#### **St. John the Baptist**

##### **I – Audit Opinion on Internal Controls**

- Material Weakness – Internal controls over fixed assets – The School Board did not properly follow their capitalization threshold and did not properly dispose of fixed assets.
- Material Weakness – Internal controls over sales taxes – the internal controls of the outside vendor were not evaluated for adequacy.
- Monitored by LDOE through the Audit Resolution Process.

#### **St. Landry**

##### **I – Audit Opinion on Internal Controls**

- Material Weakness – Issues of Noncompliance – The School Board made improper payments for excess insurance premiums.
- Material Weakness – Issues of Noncompliance – The School Board did not meet requirements of the state budget laws in regards to the revenues of its general fund.
- Material Weakness – Issues of Noncompliance – The budget was not prepared in the required format.
- Material Weakness – Inadequate back-up to safeguard electronic data.
- Material Weakness – Fixed Assets Inventory – The School Board did not conduct a physical inventory of fixed assets.
- Monitored by LDOE through the Audit Resolution Process.

##### **J – Consecutive Audit Findings**

- Fourth year finding: **School Activity Funds** (Unresolved FY2012-13). Detailed audits of school activity accounts were not performed on a routine basis. The school board is not providing proper oversight of the school activity accounts.
- Third year finding: **Donation/Gift of Public Funds** (Unresolved FY2012-13). St. Landry made improper loans to certain board members in the form of excess insurance premiums which have been outstanding for several fiscal periods.
- Third year finding: **Suspended/Debarred Vendors** (Resolved FY2012-13). The School Board did not verify eligibility of vendors by checking the Excluded Parties List System maintained by the General Services Administration and retaining documents support the search.
- Monitored by LDOE through the Audit Resolution Process.

#### **Webster**

##### **I – Audit Opinion on Internal Controls**

- Material Weakness – Capital Assets – Webster did not consistently account for construction in progress added to its capital assets listing.
- Material Weakness – Financial Management – Findings related to the financial statements which are required to be reported in accordance with generally accepted Government Auditing Standards.
- Monitored by LDOE through the Audit Resolution Process.

##### **J – Consecutive Audit Findings**

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- Fourth year finding: **School Activity Funds** (Unresolved FY2012-13). Inadequate internal control procedures in place for the recording of receipts and disbursements at all schools.
  - Third year finding: **Fixed Asset Accounting/Movable Property** (Unresolved FY 2012-13). Webster did not consistently account for construction in progress added to its capital assets listing.
- Monitored by LDOE through the Audit Resolution Process.

### Central Community

#### **G – Submittal of General Fund Budget Forms**

- 15 Days Late – Needs Improvement

#### **I – Audit Opinion on Internal Controls**

- Material Weakness – Internal Control Over Financial Reporting – Lack of preparation of reconciliations and review of general ledger balances.
- Material Weakness – Financial Statement Closing Process – No formal financial closing process procedure. Reconciliations and closing process was not done in a timely fashion.
- Material Weakness – Bank Reconciliations – Bank accounts are not being reconciled timely.

-Monitored by LDOE through the Audit Resolution Process.

### 388001, Andrew H. Wilson (Mc #7) (Broadmoor)

#### **I – Audit Opinion on Internal Controls**

- Material Weakness – Internal Control Structure and Implementation – Current internal control structure or operation does not allow management/staff in the normal course of performing their functions to prevent, or detect and correct misstatements in a timely manner.
- Material Weakness – Internal Control over Specific General Ledger Accounts – No documented evidence of periodic analysis, reconciliation and supervisory review of significant general ledger accounts.
- Material Weakness – Issues of Noncompliance – Highly qualified teacher certifications in accordance with 34CFR 200.56

-Monitored by LDOE through the Audit Resolution Process.

#### **J – Consecutive Audit Findings**

- Third year finding: **Office of Management and Budget Circular A-87** (Unresolved FY2012-13). Broadmoor's internal control system is not adequately designed to ensure adequate financial reporting and documenting of transactions which take place as part of its normal operations.

-Monitored by LDOE through the Audit Resolution Process.

#### **L – Questioned Costs: Single Audit Report (A-133)**

- Questioned costs are 7.47% (\$49K) of NCLB Funds.
- Monitored by LDOE through the Audit Resolution Process.

### 397001, Sophie B. Wright Charter School

#### **I – Audit Opinion on Internal Controls**

- Material Weakness – The Institute did not adequately implement and/or monitor the internal controls over expenditures.

-Monitored by LDOE through the Audit Resolution Process.

**FY2013-14 Fiscal Risk Assessment**  
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*The following charter schools ended the first year of operation with a low fund balance. LDOE will continue to monitor these schools closely through the quarterly financial review process.*

**328001, Southwest Louisiana Charter School**

**S – General Fund Balance as a Percentage of General Fund Revenues**

- General Fund Balance is 4.92% of General Fund Revenues.

**349001, JS Clark Leadership Academy**

**S – General Fund Balance as a Percentage of General Fund Revenues**

- General Fund Balance is 1.75% of General Fund Revenues.

**361001, Crescent Leadership Academy**

**S – General Fund Balance as a Percentage of General Fund Revenues**

- General Fund Balance is 0.77% of General Fund Revenues.

**382002, George W. Carver Collegiate Academy**

**S – General Fund Balance as a Percentage of General Fund Revenues**

- General Fund Balance is 1.97% of General Fund Revenues.

**382003, George W. Carver Preparatory Academy**

**S – General Fund Balance as a Percentage of General Fund Revenues**

- General Fund Balance is 1.09% of General Fund Revenues.

*The following charter schools have a fund balance that increased from the prior year but remains low. LDOE will continue to monitor these schools closely through the quarterly financial review process.*

**398001, KIPP Believe/Edward Phillips**

**S – General Fund Balance as a Percentage of General Fund Revenues**

- Over the last three years, the General Fund Balance increased from 3.95% to 5.51% of General Fund Revenues.

**398005, KIPP Renaissance High School**

**S – General Fund Balance as a Percentage of General Fund Revenues**

- Over the last three years, the General Fund Balance increased from 4.23% to 5.17% of General Fund Revenues.

**398006, KIPP New Orleans Leadership Academy**

**S – General Fund Balance as a Percentage of General Fund Revenues**

- Over the last three years, the General Fund Balance increased from 0.05% to 3.86% of General Fund Revenues.

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***The following charter schools opened in FY2013-14, therefore no fund balance information is available. LDOE will monitor these schools closely through the quarterly financial review process.***

3A1001, Jefferson Chamber Foundation – East  
3A2001, Tallulah Charter School  
3A3001, Baton Rouge Charter Academy at Mid-City  
3A4001, Delta Charter Academy  
3A6001, Northshore Charter School  
3A7001, Louisiana Key Academy  
363002, Paul Habans Elementary School  
369006, ReNew Schaumburg Elementary  
373002, Mildred Osborne Elementary School  
385003, Crocker College Prep  
3A5001, Mary D Coghill Accelerated Academy