

**FY2014-15 FISCAL RISK ASSESSMENT**  
**Action Required: Dialogue**  
**June 2015**

Districts in this category have situations that require a detailed review by the Department; follow-up may include, but not be limited to, a conference call, site visit, or SBESE dialogue.

# FY2014-15 Fiscal Risk Assessment

## Action Required: Dialogue

### June 2015

#### **Union**

##### **R – General Fund Deficit Spending**

- Deficit Spending occurred in two of the last three years (FY2011-12 & FY2012-13).

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

- General Fund Balance is 5.84% of General Fund Revenues (Needs Improvement).
- Although their General Fund Balance needs improvement, Union Parish is still operating with a positive fund balance.
- An adequate fund balance (6.5% or greater) is critical in order to ensure financial stability in case of unexpected expenditures or circumstances.

#### **349001, JS Clark Leadership Academy**

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

- General Fund Balance is 0.50% of General Fund Revenues (Unacceptable).
- Although their General Fund Balance is low, JS Clark Leadership Academy is still operating with a positive fund balance.
- An adequate fund balance (6.5% or greater) is critical in order to ensure financial stability in case of unexpected expenditures or circumstances.

#### **395007, Algiers Technology Academy (ALGIERS)**

##### **R – General Fund Deficit Spending**

- Deficit Spending occurred in FY2012-13 & FY2013-14.
- Over the last three years, the General Fund Balance decreased from -9.74% to -35.65% of General Fund Revenues.

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

- General Fund Balance is -35.65% of General Fund Revenues (Unacceptable).
- Not having a General Fund Balance causes concern regarding the fiscal health of Algiers Technology Academy.

#### **398005, KIPP Renaissance High School**

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

- Material Weakness – Internal Controls over Payroll – Personnel files for the sample of employees tested did not have documentation, including offer letters, proof of employment, or approved rate of pay.
  - Response – KIPP hired a Human Resources Director and will hire an additional Human Resources staff member to increase capacity and ensure compliance with laws and regulations.
- Material Weakness – Student Activity Funds – KIPP does not have formal policies and procedures in place to ensure school activity funds are monitored by the principals and expenditures are approved in accordance with the state statute.
  - Monitored by LDOE through the Audit Resolution Process.

##### **R – General Fund Deficit Spending**

- Deficit Spending occurred in FY2012-13 & FY2013-14.
- Over the last three years, the General Fund Balance decreased from 5.45% to 3.59% of General Fund Revenues.

# FY2014-15 Fiscal Risk Assessment

## Action Required: Dialogue

### June 2015

#### **398005, KIPP Renaissance High School** (continued)

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

- General Fund Balance is 3.59% of General Fund Revenues (Unacceptable).
- Although their General Fund Balance is low, KIPP Renaissance High School is still operating with a positive fund balance.
- An adequate fund balance (6.5% or greater) is critical in order to ensure financial stability in case of unexpected expenditures or circumstances.

#### **3A6001, Northshore Charter School**

##### **H – Submittal of Annual Financial Report**

- 40 days late – Needs Improvement

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

- Material Weakness – Segregation of Duties - The Chief Financial Officer has unlimited access to the general ledger, cash receipts, cash disbursements, and blank check stock. In addition, the Chief Financial Officer is able to sign checks. Transactions could be applied incorrectly and assets can be misappropriated.
  - Material Weakness – Accounting Close Process - Auditor noted the following items related to the School’s accounting close process that, when considered in the aggregate, are considered to be a material weakness:
    1. The first several versions of the School’s trial balance contained numerous inconsistencies within account balances, including: cash, receivables, fixed assets, payables, revenues, and expenses.
    2. Amounts reported within the first several versions of the School’s trial balance did not agree to supporting documentation.
    3. Management did not use accounting software for the fiscal year ending June 30, 2013 and maintained financial transactions manually within spreadsheets. This resulted in various opening account balances for the June 30, 2014 fiscal year to be incorrect.
    4. Quantity and dollar amount of audit adjustments as a result of our audit procedures relating to errors in the School’s accounts.
    5. Double recording of certain transactions and accruals.
    6. No process in place to review the compensated absences reports and determine if the data used to calculate the compensated absences liability is complete and accurate.
    7. Limited internal control procedures that would enable the proper cutoff and timely recording of liabilities under the accrual basis of accounting.
    8. The School does not have an effective process for identifying and correcting the useful life of fixed assets and recording depreciation of fixed assets.
  - Material Weakness – Retirement Benefits - As of the date of the audit, the School had not submitted any of the employees’ retirement withholdings or the School’s contributions to the Louisiana School Employees’ Retirement System.
  - Material Weakness – Timely Submission of Report - The June 30, 2014 audited financial statements were not filed within six months of the close of the fiscal year.
- Monitored by LDOE through the Audit Resolution Process.
- The implementation of internal controls has been identified as a measure that ensures the safeguarding of public funds.