FY2016-17 FISCAL RISK ASSESSMENT
Action Required: Monitor
June 2017

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 FY2016-17) are provided a Financial Practices Self-Assessment for completion.

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Caldwell Parish School Board

I – Audit Opinion on Internal Controls

- Material Weakness: *Internal Controls* – inadequate segregation of duties regarding the payroll function.
- Material Weakness: *Maintenance of General Ledger Accounting* – failure to reconcile various accounts with supporting documentation.
- Material Weakness: *School Activity Funds* – failure to reconcile bank and book balances per operating account's bank reconciliation.

Claiborne Parish School Board

I – Audit Opinion on Internal Controls

- Material Weakness: *Public Bid Law* – procedures established undetermined to ensure all bid advertisements are prepared and published in accordance with state public bid requirements.

R – General Fund Deficit Spending

- Deficit spending occurred in FY2011-12, FY2012-13, FY2013-14 and FY2014-15. Over the past four years, the General Fund Balance increased from 22.57% to 37.92% of General Fund Revenues.

Concordia Parish School Board

I – Audit Opinion on Internal Controls

- Material Weakness: *Capital Asset Recordkeeping* – capital asset listings are not being updated for physical inventories and depreciation schedule is not being reconciled to the general ledger or reviewed timely by appropriate personnel.
- Material Weakness: *Payroll Recordkeeping* – accuracy of payroll, quarterly 941s and compensated absences schedule is not reviewed timely prior to submission.

J – Consecutive Audit Findings

- Third Consecutive Finding: **Fixed Asset Accounting/Movable Property** – detailed capital asset listing was not reviewed in a timely manner or reconciled to general ledger.

R – General Fund Deficit Spending

- Deficit spending occurred in FY2011-12, FY2012-13, FY2013-14 and FY2014-15. Over the past year, the General Fund Balance increased from 71.69% to 74.83% of General Fund Revenues.

East Carroll Parish School Board

I – Audit Opinion on Internal Controls

- Material Weakness: *General Accounting* – due to payroll withholding and benefits payable not being reconciled, outstanding checks were not investigated and resolved appropriately.
- Material Weakness: *Bid Law* – failure to comply by State procurement laws before purchasing material or supplies.
- Material Weakness: *Controls over Compensated Absences* – due to inaccurate records maintained resulted to annual and sick leave balances undetermined.
- Material Weakness: *Controls over Payroll* – inconsistency with the approval process for salaries for employees.

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Lafayette Parish School Board

I – Audit Opinion on Internal Controls

- Material Weakness: *Internal Control* – failure to enforce policies and procedures regarding school activity funds.

Lincoln Parish School Board

I – Audit Opinion on Internal Controls

- Material Weakness: *Five Percent Budget Variance* – due to sales tax actual revenues being less than budgeted, caused an over-estimated sales tax accrual when revising budgets.
- Material Weakness: *Public Bid Law Violation* – failure to meet Title I Believe and Succeed Improvement Grant bid requirements.

R – General Fund Deficit Spending

- Deficit spending occurred in FY2013-14. Over the past year, the General Fund Balance increased from 36.04% to 42.23% of General Fund Revenues.

Morehouse Parish School Board

I – Audit Opinion on Internal Controls

- Material Weakness: *Internal Controls over Financial Reporting* – failure to establish a monthly and year-end process to ensure financial statements are complete and accurate prior to submission.

Natchitoches Parish School Board (*Monitored for full year - remove from "High Risk" in the next few months*)

K – Fraud

- Material – "High Risk" status of federal programs due to history of unsatisfactory performance, management system lacks adequate internal controls and has not conformed to terms and conditions of previous awards.

R – General Fund Deficit Spending

- Deficit Spending occurred in FY2012-13, FY2013-14, FY2014-15 and FY2015-16. Over the last three years, the General Fund Balance decreased from 32.48% to 12.52% of General Fund Revenues.

Ouachita Parish School Board

I – Audit Opinion on Internal Controls

- Material Weakness: *Internal Controls over Bank Reconciliations* – bank reconciliations are behind several months in reconciliation completion and does not agree to the general ledger accounts.

St. Helena Parish School Board

I – Audit Opinion on Internal Controls

- Material Weakness: *Sales Tax* – delinquent reports produced finalization of program changes and training for employees operating the sales tax software.

R – General Fund Deficit Spending

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- Deficit spending occurred in FY2011-12, FY2012-13 and FY2013-14. Over the past two years, the General Fund Balance increased from 30.69% to 41.48% of General Fund Revenues.

St. Landry Parish School Board

I – Audit Opinion on Internal Controls

- Material Weakness: *Internal Control* – lack of adequate oversight for school activity and cafeteria accounts.
- Material Weakness: *Internal Control* – irregularities in deposit records for Child Nutrition.
- Material Weakness: *Internal Control* – unaccounted funds due to failure to follow proper policies and procedures for bookkeeping.
- Material Weakness: *Internal Control* – outstanding balance due to failure to follow proper policies and procedures for safeguarding funds.
- Material Weakness: *Internal Control* – identified numerous of assets missing from the premises.

J – Consecutive Audit Findings

- Seventh Consecutive Finding: **School Activity Funds** – failure to properly document or account for transactions in the school activity funds.

St. Martin Parish School Board (*LEA has instituted satisfactory corrective action*)

I – Audit Opinion on Internal Controls

- Material Weakness: *Misappropriation of Funds* – lack of procedures consistently being followed and monitored resulted to misappropriation of funds.

R – General Fund Deficit Spending

- Deficit spending occurred in FY2011-12, FY2012-13, FY2013-14 and FY2015-16. Over the past two years, the General Fund Balance increased from 51.79% to 53.07% of General Fund Revenues.

Union Parish School Board

I – Audit Opinion on Internal Controls

- Material Weakness: *Internal Controls over Financial Reporting* – material misstatements and errors were identified on trial balances, financial statements, and the income and expense report submitted.
- Material Weakness: *Computer Access User Rights* – employees within the department have access rights that are not compatible to their assigned duties.
- Material Weakness: *Sinking Fund Requirements* – millages for the debt service fund were set too high, resulting in the excess fund balance.

R – General Fund Deficit Spending

- Deficit spending occurred in FY2011-12, FY2012-13 and FY2015-16. Over the past year, the General Fund Balance decreased from 12.45% to 12.24% of General Fund Revenues.

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Vernon Parish School Board

I – Audit Opinion on Internal Controls

- Material Weakness: *Louisiana Bid Law* – failure to adhere to all Louisiana Bid Law requirements.

R – General Fund Deficit Spending

- Deficit spending occurred in FY2012-13, FY2013-14, FY2014-15 and FY2015-16. Over the past four years, the General Fund Balance decreased from 30.97% to 19.69% of General Fund Revenues.

West Baton Rouge Parish School Board

I – Audit Opinion on Internal Controls

- Material Weakness: *School Activity Accounts* – lack of providing adequate oversight over the school activity accounts.
- Material Weakness: *Public Bid Law* – out of compliance with bid statue due to failure to advertise for bid.

R – General Fund Deficit Spending

- Deficit spending occurred in FY2013-14, FY2014-15 and FY2015-16. Over the past four years, the General Fund Balance decreased from 49.00% to 30.30% of General Fund Revenues.

West Carroll Parish School Board

J – Consecutive Audit Findings

- Fifth Consecutive Finding: **School Activity Funds** – Due to lack of proper internal control procedures in place. One or more individual schools failed to properly document or account for transactions in the school's activity fund(s).

R – General Fund Deficit Spending

- Deficit Spending occurred in FY2011-12, FY2012-13, FY2013-14 and FY2014-15. Over the past year, the General Fund Balance increased from 39.05% to 40.03% of General Fund Revenues.

W2A001 Tallulah Charter School

I – Audit Opinion on Internal Controls

- Material Weakness: *Bank Reconciliation Issues* – inability to reconcile cash account due to invalid reconciling bank balance and book balance.

W3B001 Iberville Charter Academy

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

- Over the past year, the General Fund Balance increased from 0.69% to 5.71% of General Fund Revenues.

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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.

WAU001 GEO Prep Academy
S – General Fund Balance as a Percentage of General Fund Revenues
- In FY2015-16, the General Fund Balance was 0.56% of General Fund Revenues.

WAV001 Democracy Prep Baton Rouge
R – General Fund Deficit Spending
- Deficit spending occurred in FY2015-16. In FY2015-16, the General Fund Balance was 11.86% of General Fund Revenues.

WAW001 Baton Rouge Bridge Academy
S – General Fund Balance as a Percentage of General Fund Revenues
- In FY2015-16, the General Fund Balance was 6.14% of General Fund Revenues.

WAX001 Baton Rouge College Preparatory
S – General Fund Balance as a Percentage of General Fund Revenues
- In FY2015-16, the General Fund Balance was 1.96% of General Fund Revenues.

The following charter schools opened in FY2016-17; therefore, no fund balance information is available. LDOE will monitor these schools closely through the quarterly financial review process.

W33001 Lincoln Preparatory School (Opened FY2016-17)

W34001 Laurel Oaks Charter School (Opened FY2016-17)

W35001 Appex Collegiate Academy Charter School (Opened FY2016-17)

W36001 Smothers Academy Preparatory School (Opened FY2016-17)

W37001 Greater Grace Charter Academy (Opened FY2016-17)

W87001 KIPP Booker T. Washington High School (Opened FY2016-17)

WJ4001 Livingston Collegiate Academy (Opened FY2016-17)