



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

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KIPP NEW ORLEANS INC. (CHARTER SCHOOLS)

An employee of KIPP New Orleans Inc., the operator of six charter schools in Orleans Parish, misappropriated two checks totaling almost \$70,000, according to an audit report released Monday by Legislative Auditor Daryl Purpera's office.

The report, prepared by Macpage LLC, an accounting firm in South Portland, Maine, did not identify the school nor the employee involved. The report for the state auditor said the employee admitted the misappropriation and was immediately terminated.

The misappropriation of the \$69,840 took place during the fiscal year ending June 30, 2013. Auditors said the employee removed a single check from a group of payments that were awaiting pick-up by a courier service. "The second check was misappropriated when the employee accessed another employee's computer to create a new check with a similar vendor name and then removed the prepared payment from the batch of payments to be mailed," auditors said.

The misappropriation was discovered by KIPP officials when the vendors contacted the charter school operators asking about their payments for outstanding invoices. KIPP officials investigated, determined the checks had been taken and filed incident reports with police, the bank involved and the insurance company.

The lost money has been recovered from the bank and through an insurance claim, the report said.

KIPP management said it has put in place measures to reduce the chances of the misappropriation happening again.

The report also found an instance in which a payroll expense charged to a federal grant did not match the employee's payroll record and a second case in which the payroll expense charged for one employee did not agree with the worker's time certification documentation charged to a federal program. The report said the total amount in question was \$1,499.

In a management letter attached to the report, auditors recommended that KIPP officials assess the staffing needs of the accounting department and "plan for a potential increase in capacity." The report said in the past two years, the KIPP accounting department "had difficulty completing their tasks and responsibilities in a timely manner" because of a high turnover rate.



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The management letter also said that KIPP officials should initiate “a formal training program” for users of new accounting software to improve staff efficiency and use of the new computer software.

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On Twitter: KIPP New Orleans Inc. employee misappropriated two checks totaling almost \$70,000.