

RECOVERY SCHOOL DISTRICT
DEPARTMENT OF EDUCATION

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 19, 2018

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Recovery School District
Department of Education

December 2018

Audit Control # 80180029

Introduction

As a part of our audit of the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2018, we performed procedures at the Recovery School District (RSD) to evaluate the effectiveness of RSD's internal controls over financial reporting and compliance and to determine whether RSD complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the finding reported in the prior year.

Results of Our Procedures

Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year finding related to Inadequate Controls over Movable Property reported in the RSD management letter dated December 18, 2017. This finding will not be repeated because \$4.4 million in movable property, which remained unlocated, was written off in accordance with state property regulations. In addition, assets with acquisition costs of approximately \$3.1 million were removed from inventory when schools were returned to the governance of the Orleans Parish School Board in accordance with Louisiana Revised Statute 17:10.7.1(D)(1).

Federal Compliance – Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2018, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on RSD's major federal program, as follows:

- Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA 97.036)

Those tests included evaluating the effectiveness of RSD's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether RSD complied with applicable program requirements.

Based on the results of these Single Audit procedures, we did not report any internal control deficiencies or noncompliance with program requirements.

Other Procedures

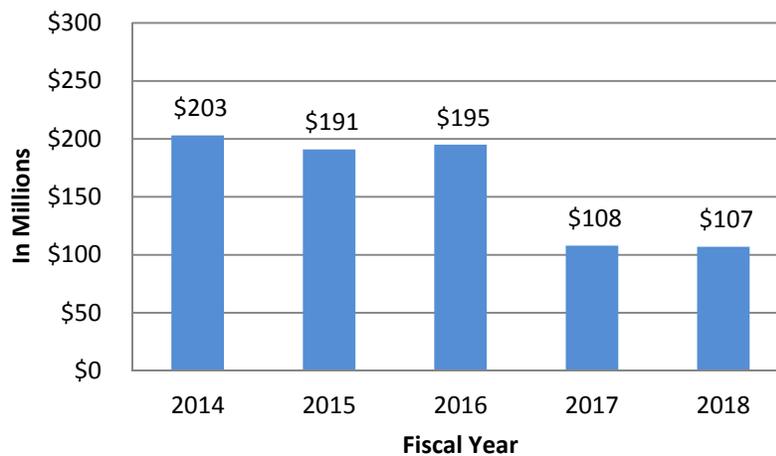
In addition to the Single Audit procedures noted above, we performed certain procedures that included obtaining, documenting, and reviewing RSD's internal control and compliance with related laws and regulations over movable property.

Based on the results of these procedures, we found no issues or weaknesses that were required to be reported.

Trend Analysis

We compared the most current and prior-year financial activity using RSD's Annual Fiscal Reports and/or system-generated reports and obtained explanations from RSD's management for any significant variances. We also prepared an analysis of expenditures over the last five fiscal years, as shown in Exhibit 1. RSD's expenditures decreased slightly from fiscal year 2017 to fiscal year 2018 due to a decrease in construction expenditures.

**Exhibit 1
Expenditures**



Source: Fiscal Year 2014-2018 Annual Fiscal Reports

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is written in a cursive style.

Daryl G. Purpera, CPA, CFE
Legislative Auditor

JP:CRV:RR:EFS:aa

RSD 2018

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Recovery School District (RSD) for the period from July 1, 2017, through June 30, 2018, to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The procedures included inquiry, observation, review of policies and procedures, and a review of relevant laws and regulations. Our procedures, summarized below, are a part of the audit of the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2018.

- We evaluated RSD's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to RSD.
- We performed procedures on the Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA 97.036) federal program for the year ended June 30, 2018, as a part of the 2018 Single Audit.
- We compared the most current and prior-year financial activity using RSD's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from RSD's management for significant variances.

In addition, we performed procedures on movable property. The scope of these procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

The purpose of this report is solely to describe the scope of our work at RSD and not to provide an opinion on the effectiveness of RSD's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purposes.

We did not audit or review RSD's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. RSD's accounts are an integral part of the state of Louisiana's CAFR, upon which the Louisiana Legislative Auditor expresses opinions.