

SPECIAL SCHOOL DISTRICT

SPECIAL SCHOOLS AND COMMISSIONS

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued November 15, 2023

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

FIRST ASSISTANT LEGISLATIVE AUDITOR
BETH Q. DAVIS, CPA

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Special School District Special Schools and Commissions

November 2023

Audit Control # 80230062

Introduction

The primary purpose of our procedures at the Special School District (SSD) was to evaluate certain controls SSD uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds.

As a result of the Louisiana Legislature passing Act 468 of the 2021 Regular Session, SSD was created and the Louisiana Schools for the Deaf and Visually Impaired (LSDVI) became a part of SSD as of July 1, 2021. As part of our procedures, we determined whether SSD management has taken action to correct the findings reported in the prior LSDVI report.

Results of Our Procedures

We evaluated SSD's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of SSD's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to internal audit, inventory, payroll and leave records, contract expenditures, movable property, LaCarte purchasing card expenditures, cash, Medicaid claims, and on-campus housing.

Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in LSDVI's procedural report dated September 20, 2021. We determined that SSD management has resolved the prior-report findings related to Untimely Submission of Medicaid Claims and Weaknesses in Controls over On-Campus Housing. The prior-report findings related to Inadequate Controls over Inventory and Untimely Approvals of LaCarte Card Purchases have not been resolved and are addressed again in this report.

Current-report Findings

Inadequate Controls over Inventory

For the fourth consecutive engagement, LSDVI, which is now a part of SSD, did not have adequate controls in place to ensure that complete and accurate inventory records were maintained over the food services inventory. The absence of good internal controls over inventory increases the risk of theft and waste, and prevents management from properly managing and monitoring inventory levels.

Our procedures disclosed that during fiscal years 2022 and 2023, SSD did not maintain a master inventory listing that showed all inventory items, beginning balances, additions and deletions, ending balances, and the value of those items. SSD management stated that they had a manual system in place to track inventory; however, the system did not reconcile on-hand counts to inventory records. SSD maintained forms recording only the inventory items and the quantity removed from inventory each day, the on-hand count that remained after those items were removed from inventory, and disposals. Because this manual system did not consider beginning balances at the start of the fiscal year and purchases made during the year, SSD could not properly determine the inventory that should be on-hand, and therefore did not have a method to reconcile on-hand counts to inventory records during or at the end of the year. The inventory value is only determined at fiscal year-end, when food services personnel count all inventory items on-hand and review invoices to determine the per unit value to assign to each item.

SSD management represented that this occurred because the agency lost access to their inventory tracking software when the employees with access to the system resigned during calendar year 2021, and they did not transition inventory to another electronic system after access was lost. Attempts were made to regain access to the system starting in September 2022, but they were unsuccessful until January 2023. Good internal controls over inventory include maintaining complete and accurate inventory records, including a method of accurately accounting for items as they are purchased, used, and disposed.

Management should consider using the same inventory system used for its warehouse inventory to track food services inventory; provide supervisory oversight to ensure that inventory records are accurate and complete; implement procedures to ensure access to systems is not lost when staff leave; and revise its food services inventory procedures to specify how inventory records are tracked and maintained, when on-hand counts will be performed and how they will be reconciled to inventory records, and the personnel responsible for inventory activities. Management concurred with the finding and provided a plan of corrective action (see Appendix A, page 1).

Untimely Approvals of LaCarte Card Purchases

For the second consecutive engagement, LSDVI, which is now a part of SSD, did not ensure that purchases made with the LaCarte card were electronically signed off in

WORKS, the Bank of America online banking system, in a timely manner and in accordance with SSD and state policies. In addition, SSD failed to run and review required monthly reports. Failure to complete the review and approval of transactions in a timely manner and to run the required reports increases the risk that unauthorized, unallowed, or fraudulent purchases could be made and not detected in a timely manner.

A review of 3,448 LaCarte card transactions totaling \$653,364 for the period December 1, 2021, through March 5, 2023, disclosed the following:

- 76 (2.2%) transactions totaling \$10,895 were not signed off in WORKS by the supervisor in a timely manner. Signoffs ranged from seven to 177 days after the payment of the card statements.
- 51 (1.5%) transactions totaling \$5,056 were not signed off in WORKS by the cardholder and supervisor in a timely manner. Signoffs ranged from five to 212 days after the payment of the card statements.

In a review of required reports for 12 months from June 2022 through May 2023, we noted that SSD did not generate and review six of the nine required reports for eight (67%) months, five of the nine required reports for one (8%) month, and one of the nine required reports for three (25%) months.

State and SSD LaCarte policies require employees to sign off on all transactions in WORKS, and supervisors to approve all transactions in WORKS as certification that each transaction has acceptable documentation, was for official state business, and is in compliance with appropriate rules and guidelines, as well as to generate and review specific reports on a monthly basis. Good internal controls include ensuring that the review and approval of transactions is completed prior to payments being made. SSD management indicated that the issues occurred because cardholders and approvers failed to follow agency procedures and employees did not access one of the systems used to generate reports.

SSD management should enforce and monitor established policies and procedures to ensure transactions have been signed off by cardholders and supervisors prior to payment of the monthly LaCarte card statement, and provide oversight to ensure all required reports are being generated and reviewed monthly. Management concurred with the finding and provided a plan of corrective action (see Appendix A, page 2).

Noncompliance with Internal Audit Law

SSD did not comply with Louisiana Revised Statute 36:8.2, which requires any agency that has an appropriation in the general appropriation bill of \$30 million or more to establish an internal audit function that adheres to the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. SSD has not established an internal audit function since it became a separate educational service agency on July 1, 2021. Failure to establish an internal audit function increases the risk that management will not receive complete and objective

insight into the effectiveness of risk management, internal controls, and governance processes at the agency.

SSD's appropriation in the general appropriation bill for fiscal year 2022 and 2023 was \$35,104,327 and \$36,292,163, respectively. SSD management was aware of the requirement but did not attempt to hire an internal audit program manager until May 2022, nearly a year after becoming a separate agency. SSD management indicated that only two applicants responded to the job posting for the internal audit program manager position, but they were unable to fill the position because the salary requested by the two applicants was above the maximum salary budgeted for the position. As of June 30, 2023, SSD management had not made any other attempts to fill the position or to establish an internal audit function.

SSD management should continue to seek qualified applicants for the position of internal audit program manager and establish an internal audit function as required by state law. Management concurred with the finding and provided a plan of corrective action (see Appendix A, page 3).

Control Weakness and Noncompliance with Contract Requirements

SSD employees failed to obtain proper approval in a timely manner for nine contracts prior to incurring expenditures, made payments that exceeded contract amounts or occurred prior to executing contracts, and procured consulting services without the initiation of formal contracts. Failure to obtain proper contract approvals in a timely manner and making payments prior to executing contracts or exceeding contracted amounts increases the risk for the procurement of unauthorized services. Failure to formalize contracts that include all provisions required by law increases the risk of misunderstandings and/or nonperformance of needed services without any protection, including remedies for default.

A review of active contracts and expenditures for the period July 1, 2021, through April 30, 2023, disclosed the following:

- SSD incurred expenditures for seven professional, consulting, and personal services contracts prior to obtaining Division of Administration, Office of State Procurement (OSP) approval. OSP approval is needed for contracts that exceed SSD's delegated purchasing authority (DPA) of \$5,000. For 16 invoices totaling \$53,782, services were provided by the vendors 23 days to four months prior to SSD receiving contract approval from OSP. However, the invoices were not paid until OSP approval was received. In addition, SSD amended one of the contracts to decrease the contract amount, but made payments that exceeded the amended contract amount by \$470.
- SSD made a \$630 payment for professional services and incurred additional expenditures totaling \$11,613 prior to executing a contract with a vendor and obtaining OSP approval. After executing a contract with the vendor, SSD incurred additional expenditures totaling \$930

prior to obtaining OSP approval. Services were first provided seven months prior to OSP approval.

- SSD incurred \$836 in expenditures for personal services prior to executing a contract with a vendor and obtaining OSP approval. After executing a contract with the vendor, SSD incurred additional expenditures totaling \$4,558 prior to obtaining OSP approval. Services were first provided four months prior to OSP approval.
- SSD made seven payments totaling \$48,183 to two vendors for consulting services without initiating a contract, as required by the Louisiana Administrative Code.

The Louisiana Administrative Code requires a contract for professional, personal, consulting, and social services. OSP approval is needed for contracts that exceed SSD's DPA. Good internal controls require that an agreement between parties be executed and all necessary approvals are obtained prior to services being provided and expenditures being incurred. SSD management stated that the issues were due to division directors initiating services prior to submitting contracts to the Business Office to execute them and obtain OSP approval.

SSD management should establish a written policy relating to the contracting process, ensure that employees involved with contracting activities are adequately trained, and establish timelines to ensure contracts can go through the required approval process prior to the vendor providing services. In addition, SSD management should provide supervisory oversight of contracting activities to ensure compliance with the policy. Management concurred with the finding and provided a plan of corrective action (see Appendix A, pages 4-5).

Inadequate Controls over Leave Records

SSD did not have adequate controls over employee leave records. Inadequate controls increase the risk that employees will use leave in excess of the maximum amount allowed in policy, incorrect leave balances will be paid to an employee upon separation, and incorrect leave balances will be used when determining retirement.

In a review of beginning leave balances for 20 employees who were eligible to earn leave between July 1, 2021, and June 30, 2023, our procedures identified the following:

- One (5%) employee's fiscal year 2022 beginning annual leave balance was overstated by 10.96 hours.
- Two (10%) employees' fiscal year 2023 beginning sick leave balances were understated, one by 7.5 hours and the other by 21 hours.
- One (5%) employee's fiscal year 2023 beginning personal leave balance was understated by 14 hours.

- One (5%) employee's fiscal year 2022 beginning annual leave, sick leave, and personal leave balances were understated by 144, 88, and 16 hours, respectively. In addition, the employee's fiscal year 2023 beginning annual leave and personal leave balances were understated by 18 and 2 hours, respectively.
- SSD did not maintain documentation to support the fiscal year 2022 beginning balances entered in the statewide LaGov Human Capital Management (HCM) time tracking system for the five employees noted above.

SSD management stated that the issues were caused by difficulties during the merger of SSD and LSDVI, employee turnover, and human error. Good internal controls include adequate procedures to ensure that leave balances align with written policies and are timely and accurately updated in the time tracking system, and all supporting documentation is maintained.

SSD management should provide additional oversight to ensure that leave employees are entitled to is timely input into the time tracking system each year and reviewed for accuracy. SSD management should also ensure leave records are adequately maintained to reduce the risk of improper leave use or incorrect leave balances used at separation of employment and retirement. Management concurred with the finding and provided a plan of corrective action (see Appendix A, pages 6-7).

Weaknesses in Controls over Movable Property

SSD employees did not ensure that all purchases of movable property were properly tagged and recorded in the state property system in accordance with state property regulations. Failure to comply with state property regulations could result in inaccurate financial reporting and increases the risk that assets may be misreported, lost, or stolen.

A test of 31 assets acquired between July 1, 2021, and May 31, 2023, disclosed that 18 (58%) assets with acquisition costs totaling \$31,298 did not have a uniform State of Louisiana identification tag affixed to them, and 17 (55%) of them had not been entered into the state's movable property system. SSD management stated that these issues were caused by miscommunications between warehouse personnel and the purchasing department.

The Louisiana Administrative Code requires that all movable property having an original acquisition cost of \$1,000 or more be tagged with a uniform State of Louisiana identification tag and all pertinent inventory information be forwarded to the Louisiana Property Assistance Agency within 60 calendar days after receipt of the item.

SSD management should take steps to identify and tag all untagged items that meet the \$1,000 threshold; ensure that all persons involved with property management activities are properly trained; and provide supervisory oversight to ensure that

movable property records are accurate and complete. Management concurred with the finding and provided a plan of corrective action (see Appendix A, pages 8-9).

Inventory

SSD's food services inventory balance consists of non-perishable food and supplies kept in a stockroom and perishable food kept in coolers and freezers, while their warehouse inventory balance consists of residential and maintenance supplies that are used to operate and maintain the schools and dormitories. We performed procedures to determine if SSD had adequate controls in place to ensure that complete and accurate inventory records were maintained. Based on the results of our procedures, SSD had adequate controls in place to ensure records for the warehouse inventory were complete and accurate, however, we did report a finding on Inadequate Controls over Inventory related to food services (see Current-report Findings section).

LaCarte Purchasing Card Expenditures

SSD participates in the state of Louisiana's LaCarte purchasing card program. We obtained an understanding of SSD's controls over access to and use of these cards; analyzed LaCarte card transaction listings for the period July 1, 2021, through March 5, 2023, to ensure transactions were reviewed and approved timely; reviewed monthly reports for the period June 2022 through May 2023 to ensure required reports were being generated and reviewed; and reviewed selected transactions between December 1, 2021, and April 5, 2023, to determine whether SSD employees obtained prior approval for purchases, purchases were made for proper business purposes and in accordance with state and agency policies, sufficient documentation was maintained to support purchases, and transactions and bank statements were properly reviewed. Based on the results of our procedures, except as noted in the Current-report Findings section in which we reported a finding on Untimely Approvals of LaCarte Card Purchases, SSD had adequate controls over the LaCarte purchasing card program.

Internal Audit

We inquired of agency personnel to determine if SSD had established an internal audit function as required by state law. Based on the results of our procedures, we reported a finding on Noncompliance with Internal Audit Law (see Current-report Findings section).

Contract Expenditures

We obtained an understanding of SSD's controls over professional, consulting, and personal services contracts. We examined all contracts and related expenditures during the period July 1, 2021, through April 30, 2023, for compliance with contract regulations and terms. Based on the results of our procedures, we reported a finding on Control Weakness and Noncompliance with Contract Requirements (see Current-report Findings section).

Payroll and Leave Records

Salaries and related benefits comprise approximately 79% of SSD's fiscal year 2022 and 2023 expenditures. We obtained an understanding of SSD's controls over the time and attendance function for the period July 1, 2021, through May 31, 2023, reviewed selected employee personnel files and reports for hiring and terminations, reviewed retiree deductions, ensured certain payroll reports were being reviewed each pay period, reviewed selected employees' salaries, and evaluated whether leave balances were accurately recorded and tracked. Based on the results of our procedures, except as noted in the Current-report Findings section in which we reported a finding on Inadequate Controls over Leave Records, SSD had adequate controls in place to ensure hiring and termination information was accurate, retiree deductions were correct, payroll reports were reviewed, and employees were paid the amounts authorized.

Movable Property

SSD uses the property management module in the state's LaGov system to record the purchase and disposal of movable property. We reviewed purchases of movable property for the period July 1, 2021 through May 31, 2023, to ensure property was properly identified, tagged, and recorded in the property management system within 60 calendar days after receipt of the items as required by the Louisiana Administrative Code. Based on the results of our procedures, we reported a finding on Weaknesses in Controls over Movable Property (see Current-report Findings section).

Cash

SSD maintains multiple bank accounts, with balances totaling \$172,140 and \$147,247 at June 30, 2022, and June 30, 2023, respectively, per SSD's Annual Fiscal Reports. We obtained an understanding of SSD's controls over bank accounts related to petty cash, student activity funds, and the student bank, and reviewed bank statements and bank reconciliations. We reviewed selected receipts to ensure they were deposited timely and disbursements to ensure they were properly supported,

recorded, and authorized. Based on the results of our procedures, SSD had adequate controls in place over these accounts.

Medicaid Claims

SSD receives reimbursement from Medicaid for a portion of the cost of school-based health care and transportation services provided to Medicaid-eligible students. We obtained an understanding of SSD's controls over the claim submission and reimbursement process, and reviewed remittance advices dated August 17, 2021, through May 23, 2023, to ensure that claims were submitted in a timely manner. Based on the results of our procedures, SSD had adequate controls in place to ensure that Medicaid claims were billed in a timely manner.

On-Campus Housing

We obtained an understanding of SSD's controls over on-campus housing. We reviewed guest stays during the period July 1, 2021, through June 30, 2023, to determine if they were properly approved prior to the stay, the apartment was properly inspected before and after the stay, and rent was collected or in-kind services were provided, when applicable, in accordance with SSD's policy. Based on the results of our procedures, SSD had adequate controls in place over on-campus housing.

Trend Analysis

We compared the most current and prior-year financial activity using SSD's Annual Fiscal Reports and/or system-generated reports and obtained explanations from SSD's management for any significant variances.

Other Report

On June 21, 2023, a report was issued by Louisiana Legislative Auditor's Performance Audit Services. The purpose of the report was to evaluate SSD's oversight of LSDVI. The report contains findings, conclusions, and recommendations. Some of the findings identified in the report relate to the organizational culture, staffing difficulties, the employee grievance system, staff credentials, and utilization of available funding sources. This report is available on the Louisiana Legislative Auditor's website.

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

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

DJD:CRV:RR:BQD:ch

SSD2023

APPENDIX A: MANAGEMENT'S RESPONSES



Louisiana Special School District

2888 Brightside Lane, Baton Rouge, LA 70820
Pupil Appraisal Services 225-757-3320 (phone) 225-757-3486 (fax)

August 28, 2023

Michael Waguespack, CPA
Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Mr. Waguespack:

In response to the Legislative Audit Office's findings dated August 16, 2023 regarding inadequate controls over inventory, Special School District concurs with the finding of inventory not being properly tracked or monitored by Food Service staff and management.

As a corrective action to the finding Inadequate Controls over Inventory, Special School District will:

- Following both online and in-person training, the agency's Food Service department, will implement the LaGov-LOG Inventory Management system to track food services inventory – Timeline for completion: 10/31/2023,
- Provide supervisory oversight to ensure that inventory records are accurate and complete – Timeline for completion: 08/28/2023,
- Implement procedures to ensure access to systems is not lost when professional staff leave agency – Timeline for completion: 08/28/2023,
- Revise and develop food services inventory procedures to specify how inventory records are tracked and maintained – Timeline for completion: no later than 10/31/2023,
- Develop a method to reconcile inventory records to on-hand counts – Timeline for completion: no later than 10/31/2023,
- Designate personnel responsible for inventory activities – Timeline for completion: 08/28/2023,

Personnel delegated by Special School District to be responsible for corrective action are:

- Jeff Jacobs, Director of Operations, Special School District
- Krishun Radford, Food Service Dietician, Special School District – Louisiana Schools for the Deaf and Visually Impaired

Thank you and should you have any questions, please contact me at 225-757-3371.

Sincerely,

Dr. David Martin, Superintendent
Louisiana Special School District

*on behalf
of D. Martin*



Louisiana Special School District

October 23, 2023

Michael J. “Mike” Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: Response to Audit Findings
Untimely Approvals of LaCarte Card Purchases

Dear Mr. Waguespack:

This letter serves to provide a formal response to the above-referenced audit finding of Untimely Approvals of LaCarte Card Purchases. The agency concurs with the findings. Louisiana Special School District (SSD) did review all purchases but due to time constraints and non-compliances of cardholders and/or approvers some purchases were approved late. However, several of the issues included in this audit were cleared through the Office of State Travel (OST) audit that ended in August of 2022. We also have a timeline to meet with OST for OTS submission of payment for all LaCarte Purchases that we cannot deviate from and if someone has not completed their portion due to being off because of illness or an emergency we would have to create the batch to submit and reopen the transaction to complete it after submission.

Reports were ran as instructed by the OST and reviewed to ensure that we were in compliance with OST. However, we did not gain access to the other portal for running additional reports until later. At that time we began to run the reports as instructed by OST.

SSD management has in place several measures to enforce and monitor transactions. Program Administrators have been replaced and are working on ensuring the SSD is compliant both now and moving forward. The program administrators work closely with card holders and approvers and send frequent communications and reminders to ensure timely processing.

Thank you for considering our response. If you have any questions, please reach out to Katherine Granier. Her phone number is 225-757-3220 and email address is Katherine.Granier@la.gov.

Respectfully submitted,

David Martin, Ed.D.
Superintendent



Louisiana Special School District

August 14, 2023

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
1600 North 3rd Street, P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: Noncompliance with Internal Audit Law

Dear Mr. Waguespack,

Thank you for providing a draft copy of the noncompliance finding with regards to the SSD's failure to establish an internal audit program as mandated in Louisiana Revised Statute 36:8.2. I concur with the finding. Although the SSD has worked to hire an internal auditor, the agency has been unsuccessful in securing a qualified candidate.

The SSD will continue to recruit to fill the internal auditor position. Although we had two applicants from our previous recruitment efforts, neither were willing to accept the position at the current budgeted salary. The SSD will examine the viability of the current salary range as well as the classification of the position. The SSD will also increase its recruitment efforts by disseminating the position not only through the government jobs website but also by distributing the vacancy through the appropriate professional organizations and local colleges/university career centers. The agency will also utilize its social media to draw attention to the position. The agency hopes to have the position filled by November 15, 2023.

Respectfully submitted,

David Martin, Ed.D.
Superintendent



Louisiana Special School District

October 23, 2023

Michael J. “Mike” Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: Response to Audit Findings
Control Weakness and Noncompliance with Contract Requirements

Dear Mr. Waguespack:

This letter serves to provide a formal response to the above-referenced audit finding of Control Weakness and Noncompliance with Contract Requirements, we concur with the findings.

Contracts were paid within the parameters of the contract period. A contract is a binding legal agreement and because of this reason we legally have to pay if any services were rendered during that period. However, we do follow Louisiana Revised Statute 39:1595.1 which keeps us in compliance with the Office of State Procurement rules. This revised statute also protects us from paying if the contract is not approved and the contractor performs any work during the time period prior to their approval. In addition, for payment processing we must follow Louisiana Revised Statute 38:2191.

We must also consider the population of our student body which obligates us to perform services. If we do not perform services we can be held liable to the Office Juvenile Justice, Louisiana Department of Health, Individuals with Disabilities Education Act, and Americans with Disabilities Act. Therefore, in cases Program Monitors deemed services needed to be completed due to the ramifications of not providing services and decided to provide the services to students. However, contractors knew that based upon the contract until they received approval they may not be able to be paid for the services.

Internal controls are in place to ensure we are practicing within Office of State Procurement rules for contracts. All contract agreements includes the following to ensure we have internal controls in place for monitors/contractors initiating a contract before receiving approval. I will layout clear expectations to program monitors. The following is included in all contracts: “This contract is not effective until executed by all parties and approved in writing by the Office of State Procurement, in accordance with Louisiana Revised Statutes (La. R.S.) 39:1595.1.”

Thank you for considering our response. If you have any questions, please reach out to Katherine Granier. Her phone number is 225-757-3220 and email address is Katherine.Granier@la.gov.



Louisiana Special School District

Respectfully submitted,

David Martin

David Martin, Ed.D.

Superintendent



Louisiana Special School District

October 31, 2023

Mr. Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Waguespack:

In response to the recent finding of Inadequate Controls over Leave Records, the Special School District (SSD) commits to developing adequate controls and ensuring leave records are properly maintained, that leave balances align with written policy, that leave balances are timely and adequately updated, and that all supporting documentation is maintained.

Exception 1 of 5:

- One (5%) employee's fiscal year 2022 beginning annual leave balance was overstated by 10.96 hours. **Concur.**

Prior to 07/01/2021, the Special School Programs ("SSP") was under LDOE. Upon the creation of the Special School District, SSP and the Louisiana Schools for the Deaf and Visually Impaired ("LSDVI") were merged. The HR Program received responsibility for just over 100 additional employee/positions. During this time period, there was turnover in the HR Director position and two HR staff positions. In addition, the leave crediting worksheets are not sufficient to fully train the employees responsible for SSP leave crediting and LSDVI leave crediting. HR will develop an updated guide for leave crediting and have the appropriate staff trained.

Exception 2 of 5:

- Two (10%) employees' fiscal year 2023 beginning sick leave balances were understated, one by 7.5 hours and the other by 21 hours. **Concur.**

This was an oversight, due to human error. HR will develop an updated guide for leave crediting and have the appropriate staff trained.

Exception 3 of 5:

- One (5%) employee's fiscal year 2023 beginning personal leave balance was understated by 14 hours. **Concur.**

An exception remained for the FY23 beginning balance. The previously described circumstances also apply to this item. HR will develop an updated guide for leave crediting and have the appropriate staff trained. This was due to human error.



Louisiana Special School District

Exception 4 of 5:

- One (5%) employee's fiscal year 2022 beginning annual leave, sick leave, and personal leave balances were understated by 144, 88, and 16 hours, respectively. In addition, the employee's fiscal year 2023 beginning annual leave and personal leave balances were understated by 18 and 2 hours, respectively. **Concur.**

Upon the creation of the SSD, SSP and LSDVI merged resulting in HR gaining responsibility for over 100 additional employees/positions. During this same time there was turnover in the HR Director and two HR staff positions. The leave crediting worksheets are not sufficient to fully train HR employees on SSP leave crediting and LSDVI leave crediting. HR will develop an updated guide for leave crediting and have the appropriate staff trained. This was an oversight, due to human error.

Exception 5 of 5:

- SSD did not maintain documentation to support the fiscal year 2022 beginning balances entered in the statewide LaGov Human Capital Management (HCM) time tracking system for the five employees noted above. **Concur.**

The previously described circumstances also apply in this item. SSD HR will develop an updated guide for leave crediting and have the appropriate staff trained.

Corrective Action Plan:

SSD Human Resources will correct each of these errors, document the corrections and notify impacted employees by November 30, 2023.

In addition, SSD HR Management will develop good internal controls to include adequate procedures to ensure that leave balances align with written policies and are timely and accurately updated in the time tracking system, all supporting documentation is properly maintained, and appropriate HR staff are trained.

Name of Contact Person(s): Santa Maria Patterson, Human Resource Director
Diane Leblanc, Human Resources Manager A

Anticipated Completion Date: December 31, 2023

Please contact me if you have any questions concerning our response.

Thank you.

Dr. David Martin, Superintendent

CC: Santa Patterson, Human Resources Director



Louisiana Special School District

September 12, 2023

Michael J. "Mike" Waguespack, CPA
Louisiana Legislature Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Waguespack,

The Louisiana Special School District had a recent audit finding of Weaknesses in Controls over Movable Property and we would like to issue our official response in the matter.

We concur that these 18 assets were not properly tagged or identified in LaGov ERP as movable property. The root cause was miscommunication between warehouse personnel and the purchasing department.

During our investigation we found our warehouse personnel that are responsible for tagging property for the agency didn't have the complete paperwork with invoices from our purchasing department and dorm personnel. The assets were delivered directly to the dorms on campus and setup by the company and were not checked in by warehouse personnel. When our auditor came to campus with the property report we realized that these assets were mistakenly not tagged and once we received the complete invoice from the purchase order the assets were immediately tagged and put in LaGov ERP for tracking. There was a breakdown in communication between our departments and this led to our audit finding.

Our agency has put a corrective action plan in place to correct our internal miscommunication between our warehouse personnel and our purchasing department. We have added training for Ms. Hagga Johnson, Chief Accounting Officer, Ms. Shanette Buckley-Louis, Administrative Program Specialist, and Ms. Lynn Russell, Administrative Program Specialist B to more thoroughly identify moveable property parameters, have better communication between departments notifying assets ordered that will need to be tagged, and provide complete paperwork with invoices to ensure all incoming property that meets the \$1,000 threshold are properly tagged and put into LaGov ERP for tracking. We have also added that warehouse personnel is responsible for checking in all purchase orders that arrive on campus whether they are delivered to the warehouse or another location on campus.



Louisiana Special School District

All assets included in this audit finding have been tagged and put into LaGov ERP for tracking on August 15, 2023.

Thank you for your time and if you have any questions regarding this response please contact me at 225-757-3371.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Martin", is written over a light blue circular stamp.

Dr. David Martin
Superintendent
Louisiana Special School District

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Special School District (SSD) for the period from July 1, 2021, through June 30, 2023. Our objective was to evaluate certain controls SSD uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of our procedures, which is summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review SSD's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. SSD's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated SSD'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 SSD.
- Based on the documentation of SSD's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to internal audit, inventory, payroll and leave records, contract expenditures, movable property, LaCarte purchasing card expenditures, cash, Medicaid claims, and on-campus housing.
- We compared the most current and prior-year financial activity using SSD's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from SSD's management for any significant variances that could potentially indicate areas of risk.

The purpose of this report is solely to describe the scope of our work at SSD, and not to provide an opinion on the effectiveness of SSD'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 purpose.