SPECIAL SCHOOL DISTRICT

SPECIAL SCHOOLS AND COMMISSIONS

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued July 1, 2026

LOUISIANA LEGISLATIVE AUDITOR

LOUISIANA LEGISLATIVE AUDITOR
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Louisiana Legislative Auditor
Michael J. "Mike" Waguespack, CPA

Special School District

July 2026

Audit Control # 80250033

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. In addition, we determined whether management has taken action to correct the findings reported in the prior 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, food services inventory, payroll and leave records, contract expenditures, movable property, LaCarte purchasing card program expenditures, on-campus housing, and facility use fees.

Based on the results of these procedures, we reported findings related to Inadequate Controls over Food Services Inventory, Control Weakness and Noncompliance with Contract Requirements, Weaknesses in Controls over Movable Property, and Inadequate Controls over Payroll, as described in the Current-Report Findings section of the report.

Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in SSD's procedural report dated November 15, 2023. We determined that management has resolved the prior-report findings related to Untimely Approvals of LaCarte Card Purchases, Noncompliance with Internal Audit Law, and Inadequate Controls over Leave Records. The prior-report findings related to Inadequate Controls over Inventory, Control Weakness and Noncompliance with Contract Requirements, and Weaknesses in Controls over Movable Property have not been resolved and are addressed again in this report.

Current-report Findings

Inadequate Controls over Food Services Inventory

For the fifth consecutive engagement, SSD, which includes the Louisiana Schools for the Deaf and Visually Impaired, 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 the inventory levels.

Our review of food services inventory disclosed the following:

- In a physical count of 30 items selected from the food services inventory listing, we noted that the on-hand count for 27 (90%) items did not agree to the count included on the inventory listing. Two items had more on hand than indicated on the inventory listing, and 25 had less on hand than indicated on the inventory listing.

- In a review of 30 items selected from the food services stockroom and coolers, we noted that the on-hand count for 18 (60%) items did not agree to the count included on the inventory listing. Four items had more on hand than indicated on the inventory listing, and 12 had less on hand than indicated on the inventory listing. In addition, two items were not included on the inventory listing.

SSD management represented that this was caused by human error and lack of oversight. 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 enforce and monitor established policies and procedures; ensure that all food services inventory items are properly included in the master inventory listing; and provide supervisory oversight to ensure that inventory records are accurate and complete. Management concurred with the finding and provided a plan of corrective action (see Appendix A, pages 1-2).

Control Weakness and Noncompliance with Contract Requirements

For the second consecutive engagement, SSD employees failed to execute contracts and obtain proper approval in a timely manner prior to incurring expenditures and made payments that exceeded contract amounts. Failure to obtain proper contract approvals in a timely manner and incurring expenditures prior to executing contracts or exceeding contracted amounts increases the risk for the procurement of unauthorized services.

A review of active contracts and expenditures for the period July 1, 2023, through April 15, 2025, disclosed the following:

- SSD incurred expenditures totaling $35,397 for eight invoices, related to four consulting and professional services contracts, prior to obtaining Office of State Procurement (OSP) approval. OSP approval is needed for contracts that exceed SSD's delegated purchasing authority (DPA) of $5,000. Services were provided by the vendors seven to 135 days prior to SSD receiving contract approval from OSP. For three of the eight invoices, expenditures were also incurred 32 to 116 days prior to SSD executing contracts with the vendors. However, none of the eight invoices were paid until contracts were executed and OSP approval was received.

- SSD made a $4,361 payment for expenditures incurred by a vendor that were related to a contract that had ended and these expenditures were not included in the contract. Although the SSD Board of Directors (Board) attested that the expenditures were incurred and authorization was given for SSD to pay the invoice, neither SSD nor the Board provided receipts to support the amounts paid even though the invoice stated that receipts were attached.

The Louisiana Administrative Code requires a contract for professional, personal, consulting, and social services, and 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 administrative oversight and timing constraints associated with operational demands, and fulfillment of a financial obligation for services that were incurred in good faith during the contract period but invoiced and processed after the contract ended.

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 and state regulations. Management concurred with the finding and provided a plan of corrective action (see Appendix A, pages 3-4).

Weakness in Controls over Movable Property

For the second consecutive engagement, SSD employees did not ensure that all purchases of movable property were properly recorded in the state's movable property system in accordance with state property regulations. Failure to accurately report information in the state's movable property system could result in inaccurate financial reporting and increases the risk that assets may be misreported, lost, or stolen.

A test of 82 assets that were acquired between July 1, 2023, and March 31, 2025, and entered in the state's movable property system as of June 30, 2025, disclosed that 70 (85%) of the assets were entered in the state's movable property system with incorrect acquisition costs resulting in understatements totaling $25,679. SSD management stated that these issues occurred because agency personnel were not aware that additional costs, such as shipping and installation, should be included in the acquisition cost.

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 ensure that the information for all assets that meet the $1,000 threshold is accurately entered in the state's movable property system; 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, page 5).

Inadequate Controls over Payroll

SSD employees did not follow established payroll policies and procedures for the certification and approval of time sheets and for approval of leave. In addition, established payroll policies and procedures did not require timely employee certification and supervisor approval of time prior to payroll posting and payment. Failure to follow established payroll policies and procedures and to ensure effective policies and procedures increases the risk that payroll errors and/or fraud could occur and not be detected in a timely manner.

We reviewed a total of 46 time sheets covering the period of July 1, 2023, through March 31, 2025. Our procedures disclosed the following:

- Four (9%) time sheets were not certified by the employee and were not approved by the supervisor.

- Two (4%) time sheets were not certified by the employee.

- One (2%) time sheet was not approved by the supervisor.

- Four (9%) time sheets were certified by the employee and approved by the supervisor after the pay period posted and the employees were paid. Two of the time sheets were certified by the employee 13 and 55 days after payroll posting and were approved by the supervisor 14 and 83 days after the payroll posted. The remaining two time sheets were approved by the supervisor six and 14 days after the payroll posted.

- 18 time sheets that reflected leave was taken lacked evidence of prior approval for taking the leave.

SSD management stated that the issues occurred due to employees not following established policies, outdated policies, and lack of training. Good internal control includes employee certification and supervisor approval of time sheets before employees are paid. SSD's payroll policies and procedures require employees to complete a time sheet and sign it as certification of its accuracy and the supervisor to approve it by the end of the following pay period, and to obtain advance approval to use all leave.

SSD management should emphasize compliance with established payroll policies and procedures through employee training, guidance, and oversight, and ensure that payroll policies and procedures are reviewed and updated on a regular basis. Management concurred with the finding and provided a plan of corrective action (see Appendix A, page 6).

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.

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

CRV:RR:BQD:aa

SSD 2025

APPENDIX A: MANAGEMENT'S RESPONSES

Jeff Landry
Governor

Dr. Shirley Lewis
Interim Superintendent

Louisiana Special School District

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Michael J. Waguespack, CPA
Louisiana Legislative Auditor
1600 North Third Street
POB 94397
Baton Rouge, LA 70804-9397

August 14, 2025

Dear Mr. Waguespack,

Louisiana Special School District (LSSD) concurs to the individual findings and recommendations of the Legislative Audit findings dated August 8, 2025, related to Inadequate Controls over Food Service Inventory.

LSSD acknowledges the errors and attributes those to human error and lack of oversight in the management of Food Service Inventory. Management will place stronger internal controls over inventory, including but not limited to, the maintenance of complete and accurate inventory records.

Krishun Radford, Child Nutrition Services Program Manager, is the contact and the responsible party for the corrective action related to inadequate controls over LSSD's Food Services Inventory. Ms. Radford may be contacted via phone 225-757-3233 or email krishun.radford@swe\la.gov, M-F: 5:30 AM – 2:00 PM.

As a corrective action to this finding, LSSD has:

1) Developed a Standard Operating Procedure (SOP) for Food Services Inventory Management, outlining internal controls and procedures for the ordering, receiving, issuing, tracking, reconciling, and disposing of food services inventory with the district. These procedures will ensure the agency's fiscal accountability, regulatory compliance, and audit-readiness in alignment with state guidelines.
    a. SOP for Food Service Inventory Management details 1) Budgeting and Procurement, 2) Ordering and Receiving Inventory, 3) Storage and Access Control, 4) Inventory Entry and Issuance, 5) Inventory Counts and Reconciliation, 6) Disposal of Spoiled or Damaged Items, and 7) Oversight, Monitoring, and Training.

2) Assigned the Child Nutrition Services Program Manager responsibility for the documentation and verification of all inventory movement. In addition, Program Manager will contract LAGov technical support to adjust inventory entry by single count item rather than by case.
3) A system for Food Service Inventory records to be monitored in LAGov by both the agency's Food Services Department and the agency's Business Office to ensure financial accuracy and compliance.
4) Planned for Food Service staff to receive hand-on training in inventory procedures and LaGov inventory no later than the end of business on 12/30/2025.

LSSD understands this response to the finding regarding Inadequate Controls over Food Services Inventory will not become a matter of public record until the current audit is complete.

Thank you for your guidance and should you have any questions or concerns regarding this response, please contact me at 225-757-3373.

Sincerely,

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Dr. Shirley Lewis
Interim Superintendent
Louisiana Special School District

Jeff Landry
Governor

Dr. Shirley Lewis
Interim Superintendent

Louisiana Special School District

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April 14, 2026

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
1600 North 3rd Street
Baton Rouge, LA 70804

RE: Official Response – Control Weakness and Noncompliance with Contract Requirements

Dear Mr. Waguespack:

In response to the above titled audit finding, SSD **concurs** with the finding and acknowledges that deficiencies existed in the timing of contract execution, Office of State Procurement (OSP) approval, and monitoring of contract limits. While services were rendered in good faith and payments were not issued prior to contract execution and approval, the District recognizes that incurring obligations prior to contract execution and exceeding contract authority constitutes noncompliance with Louisiana procurement regulations and sound internal control practices.

SSD is in the process of developing and implementing a comprehensive corrective action plan to ensure full compliance with OSP regulations, Louisiana Administrative Code (LAC Title 34), and Delegated Purchasing Authority (DPA) requirements. The corrective action plan will include the following:

- Establishment of a formal, written contracting procedure – Effective July 1, 2026
- Incorporated mandatory use of OSP –approved CF-1 contract template beginning FY 2026 – 2027
- Implementation of routing procedures prior to contract execution
- Business Office to conduct quarterly compliance reviews of active contracts, expenditures vs. approved amounts requiring any overages to have a formal amendment approved by OSP prior to additional services

- SSD Board training on contracts designated for board use and requirements for compliance – (Completed by August 31, 2026)
- Annual mandatory training for all staff involved on contracting and contract monitoring covering OSP requirements, contract lifecycle management, documentation and audit compliance, and DPA thresholds
- SSD will immediately implement documentation and invoice validation controls such as files to include, but not limited to, a valid contract, supporting documentation, scope of work, cost analysis (if required), and fee schedule (if needed)
- Provide on-going monitoring, training, and updating

SSD is committed to strengthening its internal controls and ensuring full compliance with state procurement laws, OSP requirements, and sound financial management practices. These corrective actions will significantly reduce the risk of unauthorized procurement activity and improve overall contract governance across the agency.

We appreciate the opportunity to respond and remain committed to full transparency and accountability.

Sincerely,

Dr. Shirley Lewis
Interim Superintendent
Louisiana Special School District

Cc: Makisha Anderson, Internal Auditor
Delvikeo Picou, Deputy Superintendent
Tiffany Franklin, Chief Accounting Officer
Nateka Mitchell, Federal & State Grant Programs
Leah Broussard, Contract Liaison

Jeff Landry
Governor

Dr. Shirley Lewis
Interim Superintendent

Louisiana Special School District

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April 9, 2026

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditors
1600 North Third Street
Baton Rouge, LA 70804

Re: Formal Response to Audit Finding – Weakness in Controls over Movable Property

Dear Mr. Waguespack:

This letter serves as a formal response to the aforementioned audit finding. SSD concurs that the assets reviewed had an incorrect acquisition cost in the state's property system. The costs originally entered into the system reflected the line-item price for each item, according to the purchase invoice. These costs did not include additional charges such as shipping and installation.

The following corrective action plan has been implemented.

- The costs of these items have been updated in the system.
- Moving forward, we will ensure that additional charges on an invoice are evenly distributed among the items entered into the system.
- To ensure compliance with this and assess the controls in place, an internal audit of property and assets will be conducted during the 2026-2027 fiscal year.

We appreciate your time and expertise. Please contact me if you have any questions concerning our response.

Regards,

Makisha D. Anderson, MBA
Internal Auditor
Louisiana Special School District

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Jeff Landry
Governor

Dr. Shirley Lewis
Interim Superintendent

Louisiana Special School District

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June 8, 2026

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditors
1600 North Third Street
Baton Rouge, LA 70804

Re: Formal Response to Audit Finding – Inadequate Controls over Payroll

Dear Mr. Waguespack:

This letter serves as a formal response to the above audit finding. SSD concurs that some timesheets were not certified by the employee, the supervisor, or both from July 1, 2023, through March 31, 2025. Additionally, SSD concurs that some leave utilization during this period lacked sufficient documentation of prior approval. We are committed to strengthening our oversight and guidance of employees to reduce the risk of payroll errors. As such, on September 8, 2025, SSD implemented the HR 3.49 *Time Entry & eCertification* policy. Using this guidance, the following corrective actions are being implemented.

- Enforcing adherence to the aforementioned policy, which requires employees and supervisors to certify time and leave usage for each pay period no later than 1:00 pm on Wednesday following the payroll Monday for that pay period.

- Enforcing adherence to the aforementioned policy, which requires that prior leave approval be documented in writing.

- Implementing additional training and guidance for employees on the updated policy and procedures related to time certification and leave utilization.

- Quarterly audits of time certifications by HR to monitor compliance during FY 27.

We appreciate your time and insight, and remain committed to transparency and accountability.

Sincerely,

Dr. Shirley Lewis
Interim 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, 2023, through June 30, 2025. 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, food services inventory, payroll and leave records, contract expenditures, movable property, LaCarte purchasing card program expenditures, on-campus housing, and facility use fees.

- 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.