

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

Department of Education



December 2018

Audit Control # 80180025

Introduction

As a part of our audit of the State of Louisiana's Comprehensive Annual Financial Report (CAFR) and the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2018, we performed procedures at the Department of Education (DOE) to provide assurances on financial information that is significant to the state's CAFR; evaluate the effectiveness of DOE's internal controls over financial reporting and compliance; and determine whether DOE complied with applicable laws and regulations.

Results of Our Procedures

Comprehensive Annual Financial Report (CAFR) – State of Louisiana

As a part of our audit of the CAFR for the year ended June 30, 2018, we considered internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions, as follows:

Agency 681 - Subgrantee Assistance

- Federal revenues
- Expenditures

Agency 695 - Minimum Foundation Program (MFP)

- Expenditures

Based on the results of these procedures, we did not report any internal control deficiencies or noncompliance with laws or regulations. In addition, the account balances and classes of transactions tested are materially correct.

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 DOE's major federal programs, as follows:

- Title I Grants to Local Educational Agencies (CFDA 84.010)
- Supporting Effective Instruction State Grants (CFDA 84.367)

Those tests included evaluating the effectiveness of DOE's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether DOE complied with applicable program requirements. In addition, we performed procedures on information submitted by DOE to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's Schedule of Expenditures of Federal Awards (SEFA), as required by Uniform Guidance.

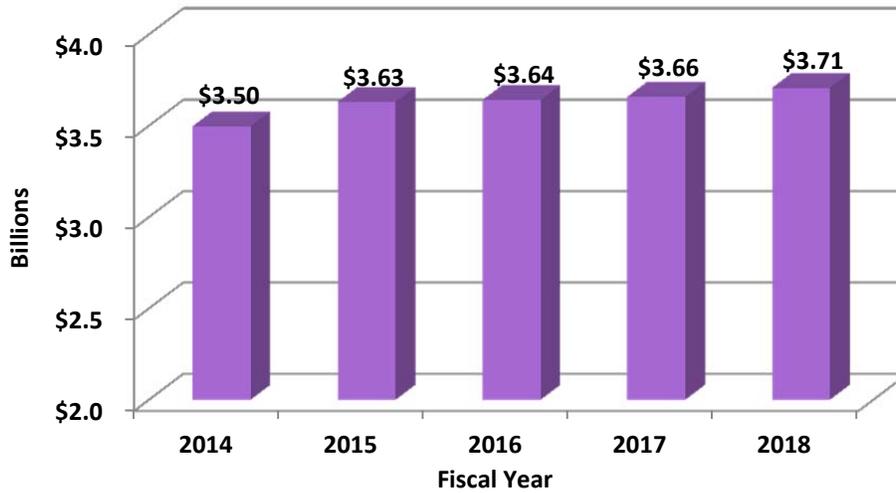
Based on the results of these Single Audit procedures, we did not report any internal control deficiencies or noncompliance with program requirements. In addition, DOE's information submitted for the preparation of the state's SEFA, as adjusted, is materially correct.

Trend Analysis

We compared the most current and prior-year financial activity using DOE's Annual Fiscal Reports and/or system-generated reports and obtained explanations from DOE's management for any significant variances. We also prepared an analysis of the MFP formula expenditures and weighted membership counts over the last five fiscal years, and federal program expenditures for state fiscal year 2018.

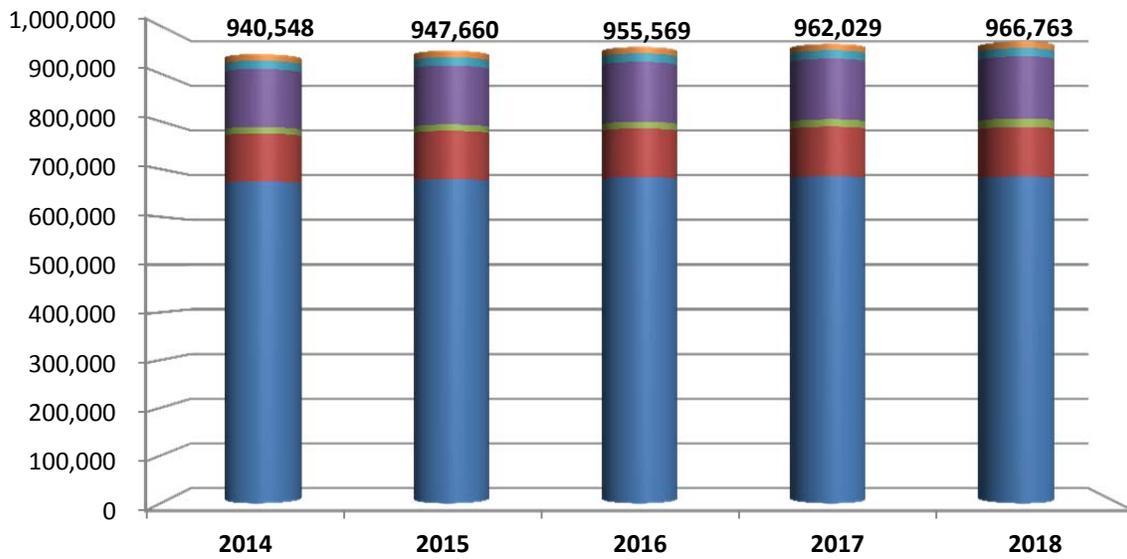
As shown in Exhibit 1 and Exhibit 2, MFP formula expenditures have increased by 6% over the past five fiscal years, mainly due to a 3% increase in the total number of students funded by the formula.

Exhibit 1 MFP Formula Expenditures



Source: Fiscal Year 2014-2018 Annual Fiscal Reports

Exhibit 2 MFP Total Weighted Membership Count

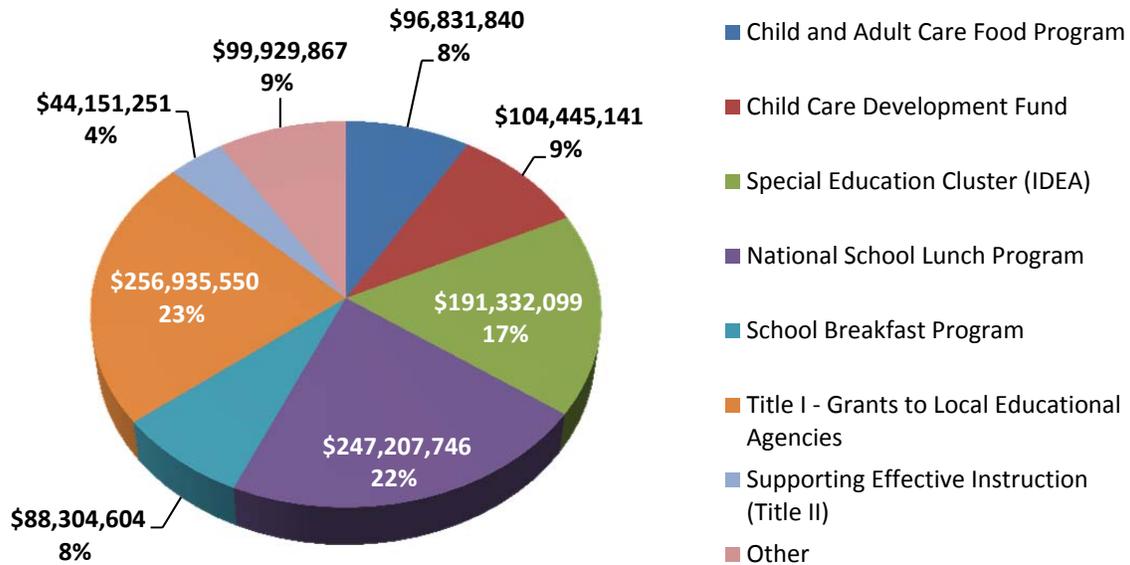


	2014	2015	2016	2017	2018
■ Economy of Scale Weight Factor	13,225	13,162	13,149	13,137	13,178
■ Gifted and Talented Weight (60%)	17,447	17,713	17,801	17,648	17,533
■ Special Education Weight (150%)	121,907	123,435	125,532	126,989	129,965
■ Career & Technical Weight (6%)	13,368	13,240	14,032	15,476	17,762
■ Low Income and/or English Language Learner Weight (22%)	100,693	101,540	101,932	103,981	103,825
■ February 1 Student Membership Count	673,908	678,570	683,123	684,798	684,500

Source: Fiscal Year 2014-2018 MFP Budget Letter

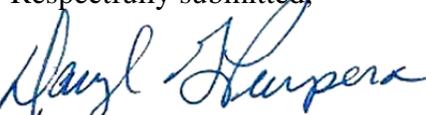
As shown in Exhibit 3, 70% of DOE’s federal program expenditures in fiscal year 2018 were used to fund education for children from low-income families (23%), children with disabilities (17%), and nutritionally-balanced breakfast and lunches for children (30%).

Exhibit 3
Fiscal Year 2018 Federal Expenditures, by Program
Total: \$1,129,138,098



Source: Fiscal Year 2018 ISIS Data

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

Respectfully submitted,

 Daryl G. Purpera, CPA, CFE
 Legislative Auditor

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DOE 2018

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of Education (DOE) for the period from July 1, 2017, through June 30, 2018, to provide assurances on financial information significant to the State of Louisiana's Comprehensive Annual Financial Report (CAFR), and 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 CAFR and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2018.

- We evaluated DOE'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 DOE.
- Based on the documentation of DOE's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain account balances and classes of transactions to support our opinions on the CAFR.
- We performed procedures on the following federal programs for the year ended June 30, 2018, as a part of the 2018 Single Audit:
 - Title I Grants to Local Educational Agencies (CFDA 84.010)
 - Supporting Effective Instruction State Grants (CFDA 84.367)
- We performed procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards 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 DOE's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from DOE's management for significant variances. We also prepared an analysis of the MFP formula expenditures and weighted membership counts over the last five fiscal years, and federal program expenditures for state fiscal year 2018.

The purpose of this report is solely to describe the scope of our work at DOE and not to provide an opinion on the effectiveness of DOE'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 DOE's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. DOE's accounts are an integral part of the state of Louisiana's CAFR, upon which the Louisiana Legislative Auditor expresses opinions.