

DEPARTMENT OF EDUCATION

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 18, 2017

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

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF FINANCIAL AUDIT
ERNEST F. SUMMERVILLE, JR., CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$0.20. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 3343 or Report ID No. 80170040 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Department of Education



December 2017

Audit Control # 80170040

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, 2017, 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.

DOE is a component unit of the State of Louisiana created within the executive branch of state government. DOE is responsible for overseeing Louisiana's public school system for grades Pre-Kindergarten through 12. DOE's mission is to ensure that every Louisiana student is on track to attain a college degree or a professional career.

Results of Our Procedures

Comprehensive Annual Financial Report - State of Louisiana

As a part of our audit of the CAFR for the year ended June 30, 2017, we considered internal control over financial reporting and examined evidence supporting DOE's Minimum Foundation Program (MFP) expenditures, as reported in its Annual Fiscal Report.

Based on the results of these procedures, we did not report any internal control deficiencies or noncompliance with laws or regulations. In addition, the MFP expenditures 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, 2017, 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:

- Child Nutrition Cluster (CFDA 10.553, 10.555, 10.556, 10.559)
- Special Education Cluster (IDEA) (CFDA 84.027, 84.173)
- Twenty-First Century Community Learning Centers (CFDA 84.287)

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) and on the status of a prior-year finding for the preparation of the state's Summary Schedule of Prior Audit Findings, 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 and the state's Summary Schedule of Prior Audit Findings, 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 2017.

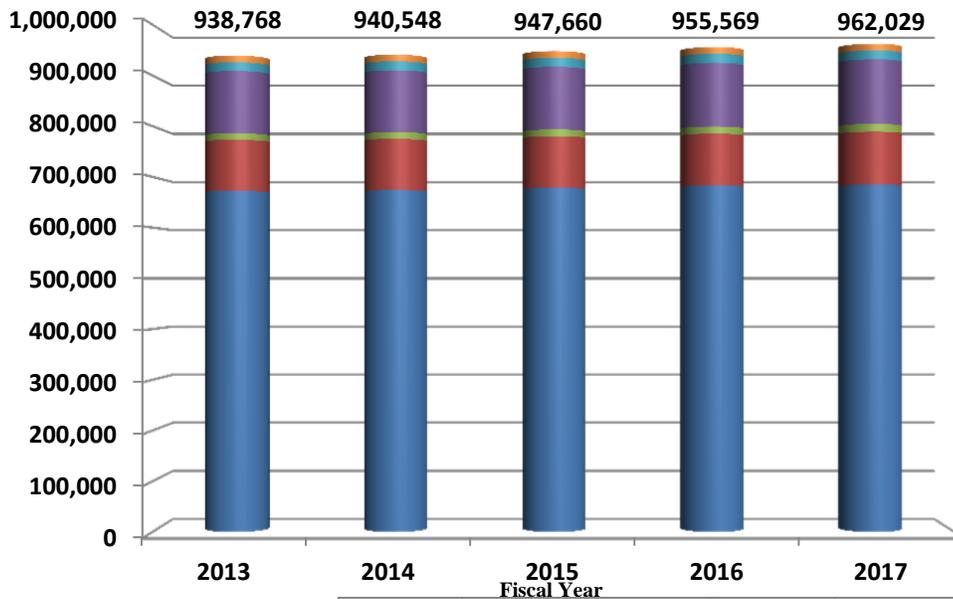
As shown in Exhibit 1 and Exhibit 2, MFP formula expenditures have increased by 6% over the past five fiscal years, mainly due to a 2% increase in the total number of students funded by the formula.

Exhibit 1 MFP Formula Expenditures



Source: Fiscal Year 2013-2017 Annual Fiscal Reports

Exhibit 2 MFP Total Weighted Membership Count

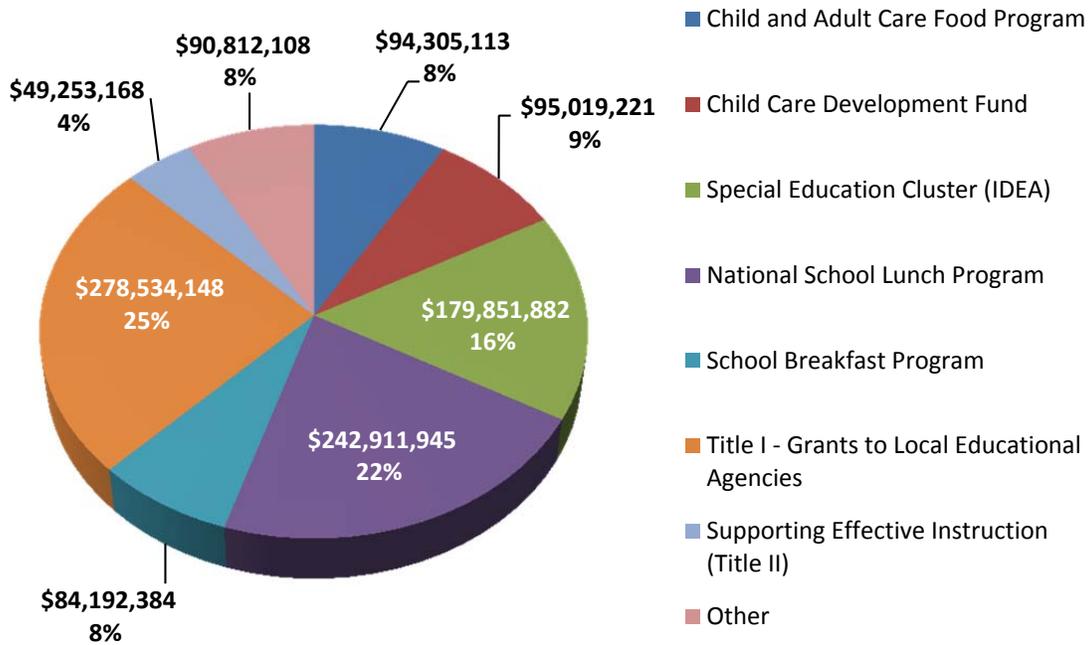


	2013	2014	2015	2016	2017
■ Economy of Scale Weight Factor	13,313	13,225	13,162	13,149	13,137
■ Gifted and Talented Weight (60%)	16,986	17,447	17,713	17,801	17,648
■ Special Education Weight (150%)	122,713	121,907	123,435	125,532	126,989
■ Career & Technical Weight (6%)	12,874	13,368	13,240	14,032	15,476
■ Low Income and/or English Language Learner Weight (22%)	100,632	100,693	101,540	101,932	103,981
■ February 1 Student Membership Count	672,250	673,908	678,570	683,123	684,798

Source: Fiscal Year 2013-2017 MFP Budget Letters

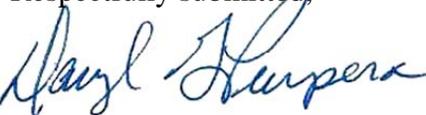
As shown in Exhibit 3, 63% of DOE’s federal program expenditures in fiscal year 2017 were used to fund education for children from low-income families (25%), children with disabilities (16%), and nutritionally-balanced lunches for children (22%).

Exhibit 3
Fiscal Year 2017 Federal Expenditures, by Program
Total: \$1,114,879,969



Source: Fiscal Year 2017 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

JP:CRV:WDG:EFS:aa

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of Education (DOE) for the period from July 1, 2016, through June 30, 2017, 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, 2017.

- 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 DOE's Minimum Foundation Program (MFP) expenditures to support our opinions on the CAFR.
- We performed procedures on the following federal programs for the year ended June 30, 2017, as a part of the 2017 Single Audit:
 - Child Nutrition Cluster (CFDA 10.553, 10.555, 10.556, 10.559)
 - Special Education Cluster (IDEA) (CFDA 84.027, 84.173)
 - Twenty-First Century Community Learning Centers (CFDA 84.287)
- We performed procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards and on the status of a prior-year finding for the preparation of the state's Summary Schedule of Prior Audit Findings for the year ended June 30, 2017, as a part of the 2017 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 2017.

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.