

BOARD OF ELEMENTARY AND SECONDARY EDUCATION

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued November 1, 2023

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Board of Elementary and Secondary Education

November 2023

Audit Control # 80230061

Introduction

The primary purpose of our procedures at the Board of Elementary and Secondary Education (BESE) was to evaluate certain controls BESE uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds.

Results of Our Procedures

We evaluated BESE'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 BESE's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to the Louisiana Education Quality Trust Fund (LEQTF) [8(g) program], payroll, board member per diem payments, LaCarte purchasing card and Controlled Billed Account transactions, and movable property.

8(g) Program

The BESE 8(g) program is funded by the investment earnings of the LEQTF, a fund established with the proceeds from an offshore oil revenue settlement and certain recurring income from the settlement. BESE receives approximately 50% of the available revenue earned by the fund through an annual appropriation.

Each year BESE is required to establish an 8(g) Annual Program and Budget to allocate 8(g) program funds for block and statewide grants, and for management and oversight. Student enhancement block grants are awarded to public and nonpublic school systems and public and nonpublic independent schools for projects designed to improve student academic or vocational-technical skills. The statewide programs are administered by state agencies, primarily the Department of Education, to provide goods, services, or flow-through to schools or school systems. Programmatic and fiscal monitoring is performed each year on a percentage of the 8(g) funded

projects. BESE enters into contracts with evaluators to perform onsite, programmatic monitoring, while fiscal monitoring is performed by BESE's 8(g) auditor.

We performed procedures to determine if BESE established an 8(g) Annual Program and Budget as required, to determine if statewide project proposals were properly approved, and to evaluate the programmatic and fiscal monitoring of 8(g) projects. Based on the results of our procedures, BESE had adequate controls in place to ensure that the 8(g) Annual Program and Budget was established, statewide project proposals were properly approved, and programmatic and fiscal monitoring of 8(g) projects was completed to ensure that projects were implemented according to the approved proposals and expenditures were allowable.

Payroll

Salaries and related benefits comprised approximately 8% and 10% of BESE's expenditures in fiscal year 2022 and fiscal year 2023, respectively. We performed procedures to determine whether time statements and leave requests were properly certified and/or approved in a timely manner, and whether increases to pay rates were reasonable. Based on the results of our procedures, BESE had adequate controls in place to ensure timely review and approval of employee time statements and leave requests. In addition, increases to pay rates were reasonable.

Board Member Per Diem Payments

BESE board members are paid per diem for each day of actual attendance at board and committee meetings and for a certain number of additional days per year for work performed in their capacity as a member of BESE. Board member per diem payments comprised approximately 4% of BESE's payroll expenditures in fiscal year 2022 and in fiscal year 2023. We obtained an understanding of BESE's controls over board member per diem payments and reviewed selected per diem payments. Based on the results of our procedures, BESE had adequate controls in place to ensure board member per diem payments were valid and in accordance with BESE policy.

LaCarte Purchasing Card and Controlled Billed Account Transactions

BESE participates in the State of Louisiana's LaCarte purchasing card and Controlled Billed Account (CBA) programs. We analyzed a LaCarte card and CBA transaction listing for the period July 1, 2021, through April 30, 2023, to determine if transactions were electronically signed off in WORKS, the Bank of America online banking system, in accordance with BESE and state policies. Based on the results of our procedures, BESE had adequate controls in place to ensure that transactions were electronically signed off by the cardholder and the approver in a timely manner as required by BESE and state policies.

Movable Property

BESE uses the property management module in the state's LaGov system to record the purchase and disposal of movable property. We obtained an understanding of BESE's controls over movable property and reviewed selected purchases of movable property for the period July 1, 2021, through June 30, 2023, to ensure property was accurately recorded in the property management system within 60 calendar days after receipt of the item as required by the Louisiana Administrative Code, and that information entered was properly supported. Based on the results of our procedures, BESE had adequate controls in place to ensure that movable property was properly tagged and accounted for in accordance with laws and regulations.

Trend Analysis

We compared the most current and prior-year financial activity using BESE's Annual Fiscal Reports and/or system-generated reports and obtained explanations from BESE'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

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BESE2023

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Board of Elementary and Secondary Education (BESE) for the period from July 1, 2021, through June 30, 2023. Our objective was to evaluate certain controls BESE 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 BESE's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. BESE's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated BESE'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 BESE.
- Based on the documentation of BESE's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to the Louisiana Education Quality Trust Fund (LEQTF) [8(g) program], payroll, board member per diem payments, LaCarte purchasing card and Controlled Billed Account transactions, and movable property.
- We compared the most current and prior-year financial activity using BESE's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from BESE'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 BESE, and not to provide an opinion on the effectiveness of BESE'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.