

**JIMMY D. LONG, SR.  
LOUISIANA SCHOOL  
FOR MATH, SCIENCE,  
AND THE ARTS  
STATE OF LOUISIANA**

**FINANCIAL AUDIT SERVICES**

**Procedural Report  
Issued August 23, 2023**

**LOUISIANA LEGISLATIVE AUDITOR  
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# Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Jimmy D. Long, Sr. Louisiana School  
for Math, Science, and the Arts

August 2023



Audit Control # 80230013

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## Introduction

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The primary purpose of our procedures at the Jimmy D. Long, Sr. Louisiana School for Math, Science, and the Arts (School) was to evaluate certain controls the School 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 finding reported in the prior report.

## Results of Our Procedures

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We evaluated the School'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 the School's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to self-generated revenues, agency funds (student activity funds), payroll expenditures, and non-payroll expenditures.

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### Follow-up on Prior-report Finding

We reviewed the status of the prior-report finding in the School's procedural report dated June 23, 2021. We determined that management has resolved the prior-report finding related to Inadequate Controls over Timekeeping Records.

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### Current-report Finding

#### Weakness in Controls over Expenses

The School did not ensure consistent application of established internal controls over non-payroll expense transactions for the two fiscal years ending June 30, 2023. Of the 28 non-payroll expense transactions tested, three (11%) transactions did not have a completed purchase order. As a result, the School did not have sufficient documentation to show adequate segregation of duties for non-payroll expense

transactions. In addition, internal controls that are not operating effectively increase the risk that errors or fraud could occur and remain undetected. However, no significant errors or fraud were identified during our procedures.

School policy requires a school employee wishing to make a purchase to complete a purchase order that is signed by the employee, approved by the relevant Director, and signed by the Comptroller if sufficient funds are available for the purchase. The Finance Coordinator ensures there is a completed purchase order, an invoice, and goods are received, when applicable, before authorizing payment. School management did not place sufficient emphasis on ensuring that established internal controls were performed for non-payroll expense transactions.

School management should ensure that established internal controls are consistently applied for non-payroll expense transactions to ensure adequate segregation of duties and reduce the risk of errors or fraud. Management concurred with the finding and outlined a plan of corrective action (see Appendix A).

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### **Self-Generated Revenues**

The School collected \$655,236 in self-generated fees between July 1, 2021, and March 31, 2023, for required fees such as room and board, computer use, science lab, facility use, and security deposits. We reviewed 15 randomly-selected transactions and agreed the revenue collected per the general ledger to the bank statements and system-generated reports to ensure the appropriate amounts were collected and deposited timely. Based on the results of our procedures, the self-generated fees analyzed were legally authorized, and the School had adequate procedures in place to ensure that the authorized amounts were being collected, properly recorded, and deposited timely.

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### **Agency Funds (Student Activity Funds)**

The School maintains a custodial account (Agency Fund) that was created to maintain appropriate financial records for the student organizations, extracurricular activities, student initiatives, special project offerings, and other student-centric initiatives. We noted the School added a new laundry service fee (\$45) in fiscal year 2022 and increased the graduation fee for seniors in fiscal year 2023 from \$60 to \$80. We reviewed the School's board minutes and performed a walkthrough of student accounts to ensure the new and increased fees were properly authorized and implemented. Based on the results of our procedures, the School had adequate controls to ensure the new and increased fees were properly authorized and implemented.

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## Payroll Expenditures

Salaries and related benefits comprise approximately 77% of the School's expenditures in fiscal year 2022 and 74% in fiscal year 2023 as of March 31, 2023. We obtained an understanding of the School's controls over the time and attendance function and reviewed 18 randomly-selected employees' time statements and leave records, and examined five payroll reconciliations. We also analyzed time certification/approval reports for the School covering 4,616 timesheets for payroll periods from July 1, 2021, to April 2, 2023. Based on the results of our procedures, the School had adequate controls in place to ensure timely review and approval of employee time statements and leave requests; employees were paid the amounts authorized; leave taken was properly accounted for; and timely preparation, review, and approval of payroll reconciliations.

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## Non-Payroll Expenditures

Non-payroll expenditures comprised \$2,293,216 of the School's fiscal year 2022 expenditures and \$1,974,323 of the School's fiscal year 2023 expenditures as of March 31, 2023. We obtained an understanding of the School's controls over non-payroll expenditures and reviewed 30 randomly-selected transactions, including 28 unique purchase orders. Based on the results of our procedures, except as noted in the Current-report Finding section, the School had adequate controls in place to ensure proper segregation of duties were maintained for each non-payroll purchase and that each transaction was properly approved and in compliance with applicable procurement laws and regulations.


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## Trend Analysis

We compared the most current and prior-year financial activity using the School's Annual Fiscal Reports and/or system-generated reports and obtained explanations from the School'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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LSMSA2023



## **APPENDIX A: MANAGEMENT'S RESPONSE**

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# Louisiana School for Math, Science, and the Arts

*above. beyond.*

August 3, 2023

Mr. Michael Waguespack, CPA  
Legislative Auditor  
Office of the Legislative Auditor  
Box 94397  
Baton Rouge, LA 70804

RE: Audit Finding—Weakness in Controls over Expenses

Dear Mr. Waguespack:

I am writing in response to Ms. Rebecca Marcantel's letter relative to the audit finding referenced above relating to the Louisiana School for Math, Science, and the Arts. The school concurs with this finding. I have outlined our response based on the deficiency noted:

## **WEAKNESS IN CONTROLS OVER EXPENSES**

**RESPONSE and CORRECTIVE ACTION PLAN:** LSMSA concurs that 3 of the 28 non-payroll expense transactions tested did not have a properly approved purchase order. The 3 transactions in question were various utility-related transactions. While the policy dictates that purchase orders are processed properly for each expense made by the school, there was no conscious decision to forego the creation of the purchase orders for the utilities. Rather, the lack of a purchase order was based on the notion of the type of purchase being made - discretionary versus nondiscretionary. Salaries and utilities are considered nondiscretionary and recurring monthly expenses, and therefore a purchase order wasn't created.

Adequate segregation of duties for non-payroll expense transactions did exist, despite the lack of properly processed purchase orders. First, the director approves the breakout of the annual operating budget at the start of the fiscal year. The breakout puts a limit on all spending - from salaries, benefits, utilities, supplies, services, etc. Second, when the finance coordinator receives a utility invoice, it is processed for payment in the system and is then approved by the school accountant for payment in LaGov. Third, monthly, all expenses (including utilities) are reviewed by the director. The school understands this separation of duties by the director, finance coordinator, and accountant to be adequate segregation for the prevention of fraud.

However, school policy must be adhered to so that errors or fraud cannot occur. Internal purchase orders have been created for all utilities for FY24 and, going forward, purchase orders will be created at the beginning of each new fiscal year for utilities.

**RESPONSIBLE PARTY: JOHN ALLEN, CHIEF OF STAFF/DIRECTOR OF ADMINISTRATION**

**COMPLETION DATE: SEPTEMBER 1, 2023**

I appreciate the professionalism and cooperation your office has shown the school throughout this audit process. Should you require any additional information, please do not hesitate to contact me.

Sincerely,

Steven G. Horton, PhD.  
Executive Director



## APPENDIX B: SCOPE AND METHODOLOGY

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

- We evaluated the School'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 the School.
- Based on the documentation of the School's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to self-generated revenues, agency funds (student activity funds), payroll expenditures, and non-payroll expenditures.
- We compared the most current and prior-year financial activity using the School's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from the School'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 the School and not to provide an opinion on the effectiveness of the School'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.