

DEPARTMENT OF EDUCATION

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED FEBRUARY 3, 2021

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Department of Education



February 2021

Audit Control # 80200028

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## Introduction

As a part of our audit of the State of Louisiana’s Comprehensive Annual Financial Report (CAFR) and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2020, 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. In addition, we determined whether management has taken actions to correct the finding reported in the prior year.

## Results of Our Procedures

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### Follow-up on Prior-year Finding

Our auditors reviewed the status of the prior-year finding reported in the DOE management letter dated January 22, 2020. We determined that management has resolved the prior-year finding related to Internal Audit Deficiencies.

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### Comprehensive Annual Financial Report (CAFR) – State of Louisiana

As a part of our audit of the CAFR for the year ended June 30, 2020, we considered internal control over financial reporting and examined evidence supporting certain account balances/classes of transactions, as follows:

#### Agency 681 - Subgrantee Assistance

- Federal revenues
- Expenditures

#### Agency 695 - Minimum Foundation Program (MFP)

- Expenditures

The account balances and classes of transactions tested are materially correct.

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## **Federal Compliance - Single Audit of the State of Louisiana**

As a part of the Single Audit for the year ended June 30, 2020, 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 (CFDA 84.027, 84.173)

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.

DOE's information submitted for the preparation of the state's SEFA, as adjusted, is materially correct.

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## **Other Procedures**

In addition to the CAFR and Single Audit procedures noted above, we performed certain procedures that included obtaining, documenting, and reviewing DOE's internal control and compliance with related laws and regulations over payroll expenditures, LaCarte purchasing card expenditures, travel card expenditures, and contract expenditures.

Based on the results of these procedures, we did not report any findings.

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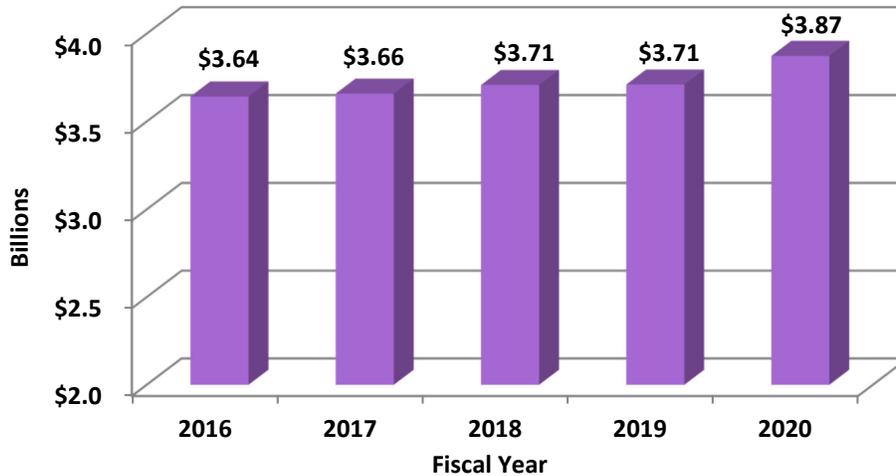
## **Trend Analysis**

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 MFP formula expenditures and weighted membership counts over the last five fiscal years, and federal program expenditures for state fiscal year 2020.

As shown in Exhibit 1 and Exhibit 2, MFP formula expenditures have increased by 6% over the past five fiscal years, which can be attributed to a 2% increase in the total number of students

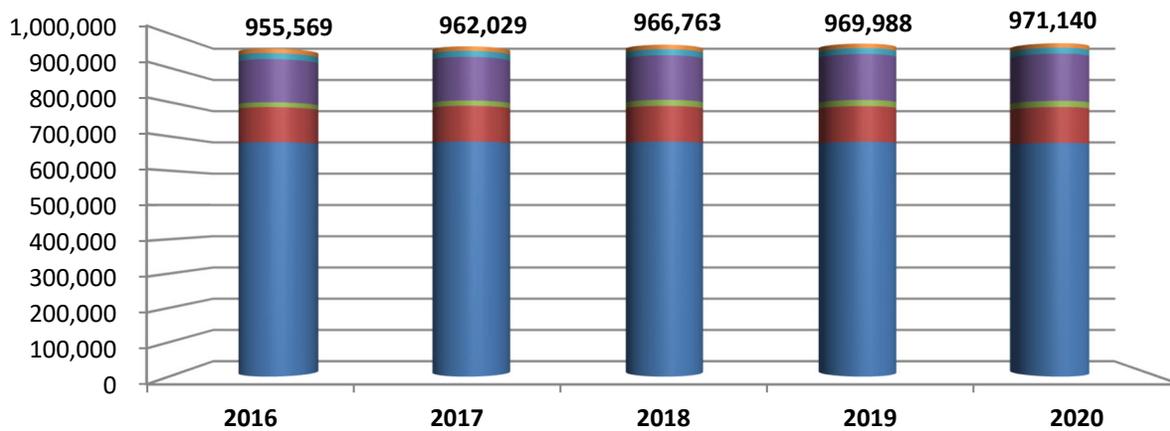
funded by the formula from fiscal years 2016 to 2020, as well as a 1% increase in the base cost per pupil amount in fiscal year 2020. In addition, legislative allocations for teacher and support worker pay raises increased by \$100 million in fiscal year 2020.

**Exhibit 1  
MFP Formula Expenditures**



Source: Fiscal Year 2016-2020 Annual Fiscal Reports

**Exhibit 2  
MFP Total Weighted Membership Count**

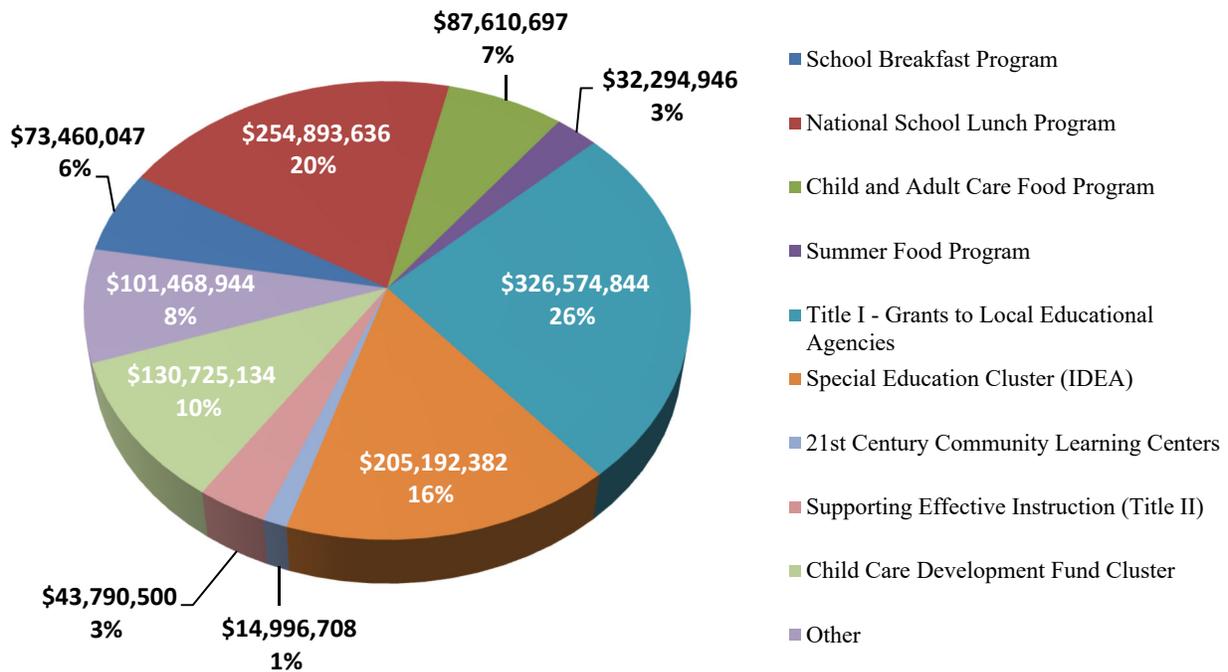


	2016	2017	2018	2019	2020
■ Economy of Scale Weight Factor	13,149	13,137	13,178	13,159	13,128
■ Gifted and Talented Weight (60%)	17,801	17,648	17,533	17,257	17,296
■ Special Education Weight (150%)	125,532	126,989	129,965	133,796	137,349
■ Career & Technical Weight (6%)	14,032	15,476	17,762	17,874	18,089
■ Low Income and/or English Language Learner Weight (22%)	101,932	103,981	103,825	103,935	104,190
■ February 1 Student Membership Count	683,123	684,798	684,500	683,967	681,088

Source: Fiscal Year 2016-2020 MFP Budget Letter

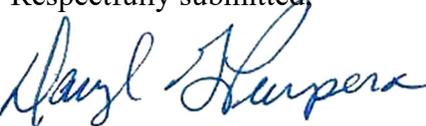
As shown in Exhibit 3, approximately 68% of DOE’s federal program expenditures in fiscal year 2020 were used to fund education for children from low-income families (26%), children with disabilities (16%), and nutritionally-balanced school breakfast and lunches for children (26%).

**Exhibit 3**  
**Fiscal Year 2020 Federal Expenditures, by Program**  
**Total: \$1,271,007,838**



Source: Fiscal Year 2020 SEFA

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 2020

## APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of Education (DOE) for the period from July 1, 2019, through June 30, 2020, 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. Our procedures, summarized below, are a part of the audit of the CAFR and our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2020.

- 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, 2020, as a part of the 2020 Single Audit:
  - Child Nutrition Cluster (CFDA 10.553, 10.555, 10.556, 10.559)
  - Special Education Cluster (CFDA 84.027, 84.173)
- We performed procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards for the year ended June 30, 2020, as a part of the 2020 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.

In addition, we performed procedures on payroll expenditures, LaCarte purchasing card expenditures, travel card expenditures, and contract expenditures. The scope of these procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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.