



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

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RECOVERY SCHOOL DISTRICT

For the eighth year in a row, the Recovery School District did not properly tag, maintain or report equipment as state law requires, and could not locate more than \$7 million in moveable property during the 2014 inventory, according to a report released Monday by Legislative Auditor Daryl Purpera.

Also, for the eighth consecutive year, the report said, the district has “inadequate controls” over recording the separation dates of some employees, which “increases the risk that employees will be paid improperly.” The report said during fiscal year 2014 the RSD “failed to timely enter employee separation dates in its payroll system for 62 of its employees,” potentially resulting in \$5,803 of overpayments to 16 workers.

The district “could not provide any documentation” to show evidence it attempted to review the potential overpayments for accuracy or recoup the funds, the report said.

RSD Superintendent Patrick Dobard said the value of the district’s unlocated property is closer to \$1.1 million and not \$7,041,340 as reported in the property system. In a response to the report, Dobard contends “The state does not account for depreciation of assets in property reports and we believe this creates a false picture of the reported loss.” However, the district concurred with all the findings in the report.

Purpera’s report pointed out that between July 1, 2012 and December 31, 2013, 627 assets costing \$2.5 million – purchased partially or entirely with federal funds – were not entered into the state asset inventory management system, and two items costing almost \$300,000 were entered twice for the same location.

Another 42 assets, purchased for just under \$358,000, were installed at a school but were incorrectly coded in the system to a warehouse. Also, during the 2012-13 period, 442 assets with an acquisition cost of \$716,246 were recorded by the RSD as “inventory in transit” between two locations. “Forty-three of these assets with an acquisition cost totaling \$60,157 were recorded as unlocated,” the state auditor’s report said. “We could not determine the physical location of the remaining 399 assets.”

It also said that another 467 items bought for \$946,796 were recorded in the inventory system as being in a district warehouse but “RSD stopped storing assets at this warehouse on September 1, 2013.”



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Another 59 items costing \$107,383 were listed as being in one of six locations that are no longer in operation, the report said. All of these assets are recorded as unlocated with \$94,561 recorded as unlocated in 2013,” according to the report. “Forty-eight of these assets are computers or computer-related equipment.”

Auditors said that a review of the report of late additions to the asset inventory system for the period covering July 1, 2013 to March 24, 2014, “disclosed that RSD entered 754 assets with an acquisition cost totaling \$3,222,748 from 18 to 1,472 days after the required 60-day period.”

The report recommended that RSD officials continue to search for unlocated items and possibly hold school-level personnel financially liable for the items assigned to them that cannot be located.

On the finding dealing with employee separations, auditors said between July 1, 2013 and March 19, 2014, they found that 62 RSD workers had their end working date entered in the system four to 81 days after the close of their last pay period. From March 2012 to September 2013, the report said, the district could not provide evidence that it reviewed 35 of 48 overpayments totaling \$22,841, for accuracy or recoupment.

A test of eight of the remaining 13 overpayments totaling more than \$53,100 showed the district did not have supporting documentation to confirm certain separation dates; lacked the documents to show certain workers were notified of the overpayments; did not have documentation to show that RSD officials determined the accuracy of certain overpayments; and had not recouped almost \$23,000 in overpayments, set up a payment schedule to recover the money, or shown they contacted the attorney general’s office to help collect the funds.

The report recommended that the RSD improve controls over payroll by entering termination dates accurately and promptly into the state payroll system; have better tracking of overpayments and recouping the amounts overpaid; and placing “stronger emphasis on compliance with payroll policies and practices through training and guidance.”

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On Twitter: Auditors notes issues with RSD’s handling of equipment and moveable property.