

# DEPARTMENT OF EDUCATION

## STATE OF LOUISIANA

### FINANCIAL AUDIT SERVICES

**Management Letter**  
**Issued May 8, 2024**

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

**LEGISLATIVE AUDITOR**  
MICHAEL J. "MIKE" WAGUESPACK, CPA

**FIRST ASSISTANT LEGISLATIVE AUDITOR**  
BETH Q. DAVIS, CPA

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# Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Department of Education



May 2024

Audit Control # 80230063

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## Introduction

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As a part of our audit of the State of Louisiana's Annual Comprehensive Financial Report and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2023, we performed procedures at the Department of Education (DOE) to provide assurances on financial information that is significant to the state's Annual Comprehensive Financial Report; 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 findings reported in the prior year.

## Results of Our Procedures

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### Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in DOE's management letter dated May 17, 2023. We determined that management has resolved the prior-year finding related to Weaknesses in Controls over Child Care and Development Fund Grants. The prior-year finding related to Noncompliance with Reporting Requirements for the Federal Funding Accountability and Transparency Act has not been resolved and is addressed again in this letter.

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### Current-year Findings

#### **Noncompliance with Reporting Requirements for the Federal Funding Accountability and Transparency Act**

For the third consecutive audit, DOE did not fully comply with Federal Funding Accountability and Transparency Act (FFATA) reporting requirements. This noncompliance occurred due to a weakness in internal controls over FFATA reporting.

Our procedures disclosed the following:

- For the Child Nutrition Cluster and the Child and Adult Care Food Program, DOE overreported subaward amounts in the FFATA Subaward Reporting System (FSRS) by approximately \$2.3 billion. For these programs, DOE reported \$529,389,579 in expenditures for subawards on the Schedule of Expenditures of Federal Awards for the period of July 1, 2022, through June 30, 2023, but reported \$2,831,811,504 in subawards in FSRS for the same period. In addition to a weakness in internal controls, DOE management also indicated that this occurred because the report generated from the Child Nutrition Program system that is used to upload data to FSRS each month was programmed to contain cumulative data instead of monthly data.
- For the Education Stabilization Fund (ESF) program, a test of 473 subawards totaling \$293,838,031 related to 20 subawardees showed that DOE reported the incorrect obligation date in FSRS for 28 subawards totaling \$966,100.

Federal regulations require the non-federal entity to report certain information about each obligating action that equals or exceeds \$30,000 in federal funds for a subaward to a non-federal entity into the FSRS no later than the end of the month following the month in which the obligation was made. Reporting inaccurate information to FSRS prevents the public from having access to accurate information on how DOE is obligating federal funds.

While there was significant improvement in reporting for ESF, DOE should continue to strengthen internal controls to ensure accurate information is reported and should correct all amounts and obligation dates that were previously reported incorrectly. Management concurred with the finding and provided a plan of corrective action (see Appendix A, pages 1-2).

### **Untimely Approvals of LaCarte Card and Travel Card Purchases**

DOE management did not ensure that purchases made with the LaCarte card and Travel card were electronically signed off in WORKS, the Bank of America online banking system, in a timely manner and in accordance with DOE and state policies. Failure to complete the review and approval of transactions in a timely manner increases the risk that unauthorized, unallowed, or fraudulent purchases could be made and not detected in a timely manner.

A review of 660 LaCarte card transactions totaling \$297,202 for the period July 1, 2022, through May 5, 2023, disclosed the following:

- 100 (15%) transactions totaling \$25,691 were not signed off in WORKS by the supervisor in a timely manner, with signoffs ranging from three to 48 days after the payment of the card statements. In addition, two of these transactions totaling \$578 were also not signed off in WORKS by the cardholder in a timely manner, with signoffs occurring four to 19 days after the payment of the card statements.

- Two transactions totaling \$949 were not signed off by the supervisor in WORKS.

A review of 7,185 Travel card transactions totaling \$1,225,322 for the period July 1, 2022, through June 8, 2023, disclosed the following:

- 572 (8%) transactions totaling \$152,033 were not signed off in WORKS by the supervisor in a timely manner, with signoffs occurring one to 199 days after the payment of the card statements. In addition, 262 of these transactions totaling \$63,057 were also not signed off in WORKS by the cardholder in a timely manner, with signoffs occurring one to 158 days after the payment of the card statements.
- Eight transactions totaling \$3,346 were not signed off by the cardholder nor supervisor in WORKS. Because the cardholders did not sign off in WORKS, the system prevented the supervisors from signing off on the transactions.
- One transaction totaling \$745 was not signed off by the supervisor in WORKS.

DOE and state LaCarte card and Travel card policies require cardholders to sign off on all transactions in WORKS, and supervisors to approve all transactions in WORKS as certification that each transaction has acceptable documentation, was for official state business, is compliant with appropriate rules and guidelines, and has been reviewed and approved. Good internal controls include ensuring that the review and approval of transactions is completed prior to payments being made. DOE management indicated that the issues occurred because cardholders and approvers failed to follow agency procedures.

DOE management should enforce and monitor established policies and procedures to ensure transactions have been signed off by cardholders and supervisors prior to payment of the monthly LaCarte card and Travel card bank statements. Management concurred in part with the finding, stating that there is no requirement in either state or DOE policies that require electronic sign offs in WORKS to occur prior to the payment of the bank statement balance. Management also noted that the majority of the travel transactions that did not contain sign off in WORKS were of employees that separated from DOE (see Appendix A, pages 3-4).

**Additional Comments:** Although state and DOE policies do not specify a timeframe of when the sign offs must occur, good internal controls would ensure that all transactions have been properly reviewed and approved to verify that adequate documentation and receipts exist and that current purchasing policies have been followed prior to payment of the transactions. In regard to cardholders separating employment from DOE, state and DOE policies require the approver and the Program Administrator to complete an exit review, with the cardholder, of the cardholder's transactions, supporting documentation and receipts, as well as, obtaining necessary

signatures prior to departure, uploading back up documentation and receipts, and signing off on all transactions in WORKS.

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### **Annual Comprehensive Financial Report – State of Louisiana**

As a part of our audit of the Annual Comprehensive Financial Report for the year ended June 30, 2023, 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

Based on the results of these procedures, we did not report any findings. In addition, 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, 2023, 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 (Assistance Listings 10.553, 10.555, 10.559, 10.582)
- Special Education Cluster (Assistance Listings 84.027, 84.173)
- Education Stabilization Fund (Assistance Listing 84.425)

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 certain 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 the prior-year findings 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 reported a finding related to Noncompliance with Reporting Requirements for the Federal Funding Accountability and Transparency Act. This finding is also included in the Single Audit for the year ended June 30, 2023. 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.

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### **Other Procedures**

In addition to the Annual Comprehensive Financial Report 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 the Student Scholarships for Educational Excellence Program, LaCarte purchasing card and Travel card expenditures, and payroll expenditures charged to the State Administrative Expenses for Child Nutrition program (Assistance Listing 10.560).

Based on the results of these procedures, we reported a finding related to Untimely Approvals of LaCarte Card and Travel Card Purchases, as described previously.

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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.

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### **Other Reports**

On August 2, 2023, an informational report was issued by the Louisiana Legislative Auditor's Performance Audit Services providing information about the structure and use of learning pods in Louisiana elementary and secondary public schools. This informational report is available on the Louisiana Legislative Auditor's website.

On September 20, 2023, a report was issued by Louisiana Legislative Auditor's Performance Audit Services to evaluate DOE's complaint process for students with disabilities receiving special education services. This report is the first in a series of reports evaluating DOE's oversight of students with disabilities receiving special education services in Louisiana, and is available on the Louisiana Legislative Auditor's website.

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of DOE. The nature of the recommendations, their implementation costs, and their potential impact on the operations of DOE should be considered in reaching decisions on courses of action. The findings related to DOE's compliance with applicable laws and regulations should be addressed immediately by management.

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

DJD:CRV:RR:BQD:aa

DOE2023

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

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DR. CADE BRUMLEY  
STATE SUPERINTENDENT



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LOUISIANA DEPARTMENT OF EDUCATION

March 12, 2024

Mr. Michael J. Waguespack, CPA  
Louisiana Legislative Auditor  
1600 North Third Street  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

Re: Non-Compliance with Reporting Requirements for the Federal Funding Accountability and Transparency Act (FFATA)

Dear Mr. Waguespack,

Please accept this letter as the Louisiana Department of Education's (LDOE) official response to the draft finding submitted by your office of the financial audit for the LDOE for the fiscal year ending June 30, 2023. A review of the audit finding has been conducted, and we concur with the finding.

Recommendation:

While there was significant improvement in reporting for ESF, LDOE should continue to strengthen internal controls to ensure accurate information is reported and should correct all amounts and obligation dates that were previously reported incorrectly.

LDOE Response:

LDOE has prioritized addressing the implementation of procedures and internal controls to comply with the requirements of FFATA. As noted in the recommendation, the agency has made significant improvements with the corrective actions taken during the 2022-2023 year in regard to the internal FFATA data reporting process. To remedy the issues identified previously, LDOE hired and trained a full-time staff person in October 2022 to be responsible for the accuracy and timeliness of reporting FFATA fiscal data. In addition, LDOE developed a FFATA reporting tracker to strengthen internal controls, which has aided in improving the agency's ability to ensure the reporting of accurate and timely data to the FFATA Subaward Reporting System (FSRS). All of these measures were in place for the FY23 FFATA reporting timelines noting that the LDOE had committed to a deadline of September 2023 to correct all prior year findings, and the LDOE met this timeline. LDOE now has the FFATA reporting infrastructure in place to ensure reports are successfully submitted accurately and timely to FSRS for the Education Stabilization Fund (ESF) and ESEA. During the current audit,

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it was determined that the FY2021 and FY2022 FFATA prior year findings across the majority of programs were cleared.

Because of LDOE's commitment to accurate and timely data reporting, the LDOE staff conducted its own review of fiscal data submitted to comply with FFATA. During this review, the LDOE staff identified a discrepancy in the report that is generated by an internal system used for the FFATA reporting for the Child Nutrition Cluster (CNC) and the Child and Adult Care Food Program (CACFP). It was determined that the report had been programmed in 2011 to pull cumulative totals versus monthly totals each month. Therefore, this system's incorrect reporting had gone unnoticed by LDOE and the USDA for over a decade. This data reporting error resulted in an over-reporting of the total awards for CNC and CACFP since the creation and implementation of FFATA reporting. LDOE had received no guidance from the awarding agency regarding the FFATA reporting until contacting them recently for advice on this matter.

LDOE notified the Legislative Auditors of this internal control issue during the onset of the FFATA CNC portion of the audit. The LLA has since noted this inaccuracy as a finding. Since identifying this discrepancy, LDOE has taken initiative to resolve this issue by contacting the system developer to change the generated report, contacting the awarding agency (USDA) for clarification surrounding the CNC and CACFP FFATA reporting requirements, and submitting a helpdesk ticket in the FSRS to correct the FY2023 reported amounts.

During the FY23 audit of the ESF Elementary and Secondary School Emergency Relief program funded by the Coronavirus Response and Relief Supplemental Appropriation Act and the American Rescue Plan Act, a test of 474 subawards totaling \$293,847,931 related to 20 subwardees showed that LDOE reported the incorrect obligation date in the FSRS for 47 subawards totaling \$967,987. This one issue represents an error rate of only .3%. Although the program fiscal data was accurate, the timeliness of when it was reported could have been slightly better. This immaterial issue will be resolved with increased staff training and enhancement of verification routines.

LDOE has taken the requirement to submit reports accurately and timely very seriously and continues to dedicate extra time and resources to ensure all data reporting is accurate. If you have any questions, you may contact Keisha Payton by telephone at 225-219-4426 or via email at [keisha.payton@la.gov](mailto:keisha.payton@la.gov).

Sincerely,

A handwritten signature in black ink that reads "Cade Brumley".

Dr. Cade Brumley

DR. CADE BRUMLEY  
STATE SUPERINTENDENT



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LOUISIANA DEPARTMENT OF EDUCATION

April 22, 2024

Mr. Michael J. Waguespack, CPA  
Louisiana Legislative Auditor  
1600 North Third Street  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

Re: Untimely Approvals of LaCarte Card and Travel Card Purchases

Dear Mr. Waguespack,

Please accept this letter as the Louisiana Department of Education's (LDOE) official response to the draft finding submitted by your office of the financial audit for the LDOE for the fiscal year ending June 30, 2023. A review of the audit finding has been conducted, and we partially concur with the finding.

Recommendation:

DOE management should enforce and monitor established policies and procedures to ensure transactions have been signed off by cardholders and supervisors prior to payment of the monthly LaCarte and Travel card bank statements.

LDOE Response:

The LDOE partially concurs with the finding. The LDOE has fully implemented and followed the requirements of the State of Louisiana LaCarte Card policy and the LDOE's LaCarte policy. The State of Louisiana and LDOE's LaCarte Card policies require that all transactions be signed off in WORKS by the approver and cardholder. The department takes compliance with these policies seriously and works to ensure that all transactions have been signed off by cardholders and supervisors.

There is no requirement in either policy that agencies are required to sign off transactions in WORKS prior to the payment being issued to Bank of America by the State of Louisiana. Having the sign off by cardholders and supervisors prior to the payment being issued for the LaCarte and Travel card bank statements is an additional extra step in the process being recommended by the Louisiana Legislative Auditors as a best practice.

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### LOUISIANA DEPARTMENT OF EDUCATION

In review of the transactions identified by the auditors, only a small number of instances occurred where the sign off on the transactions did not meet the requirements including:

LaCarte - 660 transactions totaling \$297,202.37 were reviewed during this audit. Of those transactions, there were only 2 transactions (0.3%) totalling \$949.34 that did not contain the approver sign off in WORKS. The cardholder and approver signed the physical statements and provided original supporting documentation and approvals justifying that these were legitimate transactions and were for official LDOE business.

Travel - 7,185 transactions totaling \$1,225,321.99 were reviewed during this audit. Of those transactions, there were only 8 transactions (0.11%) totaling \$3,346.29 that did not contain cardholder or approver signoff in WORKS and 1 transaction totaling \$745.00 that did not contain an approver signoff only. The cardholder and approver signed the physical statements and provided original supporting documentation and approvals justifying that these were legitimate transactions and were for official LDOE business. The majority of the transactions that did not contain sign off in WORKS were of employees that separated from the agency.

The LDOE Travel Office has existing procedures in place that enabled detection of these instances of noncompliance. The cardholders and approvers were contacted via email notifying them of the requirement to sign off to resolve the issue. These instances of noncompliance were documented.

LDOE is currently reviewing its employee separation procedures since a few instances involved employees exiting the department and will be emphasizing the importance of the current policy requiring sign off and approval during upcoming existing staff training material and presentations.

Ways to strengthen the procedures are under consideration to ensure that WORKS transactions are signed off by an official LDOE employee. LDOE continues to receive and maintain all physical bank statements and supporting documentation signed by the cardholder and approver.

If you have any questions regarding this response, you may contact Keisha Payton by telephone at 225-219-4426 or via email at [keisha.payton@la.gov](mailto:keisha.payton@la.gov).

Sincerely,

A handwritten signature in black ink that reads "Pent Carl Brumley". The signature is written in a cursive style.

Dr. Cade Brumley

## APPENDIX B: SCOPE AND METHODOLOGY

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We performed certain procedures at the Department of Education (DOE) for the period from July 1, 2022, through June 30, 2023, to provide assurances on financial information significant to the State of Louisiana's Annual Comprehensive Financial Report, 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 Annual Comprehensive Financial Report and our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2023.

- 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 Annual Comprehensive Financial Report.
- We performed procedures on the following federal programs for the year ended June 30, 2023, as a part of the 2023 Single Audit:
  - Child Nutrition Cluster (Assistance Listings 10.553, 10.555, 10.559, 10.582)
  - Special Education Cluster (Assistance Listings 84.027, 84.173)
  - Education Stabilization Fund (Assistance Listing 84.425)
- We performed certain procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards and on the status of prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings for the year ended June 30, 2023, as a part of the 2023 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 the Student Scholarships for Educational Excellence Program, LaCarte purchasing card and Travel card expenditures, and payroll expenditures charged to the State Administrative Expenses for Child Nutrition program (Assistance Listing 10.560). 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 Annual Comprehensive Financial Report, upon which the Louisiana Legislative Auditor expresses opinions.