

RECOVERY SCHOOL DISTRICT
DEPARTMENT OF EDUCATION
STATE OF LOUISIANA



MANAGEMENT LETTER
ISSUED JANUARY 18, 2012

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

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

FIRST ASSISTANT LEGISLATIVE AUDITOR
AND STATE AUDIT SERVICES
PAUL E. PENDAS, CPA

DIRECTOR OF FINANCIAL AUDIT
THOMAS H. COLE, CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$4.61. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 10202 or Report ID No. 80110074 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Kerry Fitzgerald, Chief Administrative Officer, at 225-339-3800.

EXECUTIVE SUMMARY

Our procedures at the Recovery School District (RSD) for the period July 1, 2010, through June 30, 2011, disclosed the following:

- RSD has no written policy or control procedures for retaining, maintaining, and securing records and equipment for RSD direct-run schools that are closed or transferred to a charter organization. As a result, RSD was unable to locate requested payroll records for the period of June 2010 to December 2010 for Hope Academy, an RSD direct-run school that was previously closed.
- For the fifth consecutive year, RSD did not ensure that movable property was safeguarded against loss including loss, arising from unauthorized use and misappropriation. RSD's annual certification of property inventory identified 403 unlocated items totaling \$553,385. Of the 403 unlocated items, 346 items were computers. In addition, RSD reported 194 movable property items totaling \$168,375 as missing or stolen in fiscal year 2011.
- For the fifth consecutive year, RSD identified overpayments made to employees, did not ensure that employee separation dates were accurate or entered timely, and did not have adequate documentation to support certain payroll charges. Payroll overpayment claims identified during fiscal year 2011 totaled \$8,507. However, RSD has improved its controls in this area as compared to the prior year.
- For the fourth consecutive year, RSD did not ensure that certifications for payroll expenditures charged to federal programs were completed as required by federal regulations. As a result, there is an increased risk that expenditures will not be fairly and accurately allocated to federal programs. However, RSD has improved its controls in this area as compared to the prior year.
- No significant control deficiencies or noncompliance that would require reporting under Office of Management and Budget (OMB) Circular A-133 were identified for the following federal programs for the fiscal year ended June 30, 2011:
 - School Improvement Grants (CFDA 84.377)
 - Title II Improving Teacher Quality State Grants (CFDA 84.367)
 - Special Education Cluster (IDEA) (CFDA 84.027, 84.173, 84.391, 84.392)
 - Title I, Part A Cluster (CFDA 84.010, 84.389)
 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA 97.036)

This report is a public report and has been distributed to the appropriate state officials. We appreciate RSD's assistance in the successful completion of our work.

Mission

RSD is a special school district administered by the Louisiana Department of Education. Created by legislation passed in 2003, RSD's mission is to provide the supports and interventions necessary to put academically struggling schools on a path toward success.

Goals

- Create quality, high-performing schools that are supported by data-driven, research-based academic, school climate and management models, including superior programs that address the academic, behavioral or social needs of students.
- Develop and implement comprehensive accountability systems that ensure all schools are held to the same high standards.
- Create a system of schools that offer parents and guardians the freedom to select the RSD school of their choice, guaranteeing that access to quality school programs is equitable and attainable.
- Support alternative school management models, such as charter schools, and provide traditional schools autonomy in staffing and budget decisions. Create and maintain alternative school governance arrangements, such as advisory boards, steering committees or boards of directors.
- Manage the rebuilding of New Orleans schools and ensure that all schools in the RSD are safe, clean, and modernized for 21st Century learning.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 20, 2011

**RECOVERY SCHOOL DISTRICT
DEPARTMENT OF EDUCATION
STATE OF LOUISIANA**
New Orleans, Louisiana

As required by Louisiana Revised Statute 24:513 and as a part of our audit of the State of Louisiana's financial statements for the fiscal year ended June 30, 2011, we conducted certain procedures at the Recovery School District (RSD) for the period from July 1, 2010, through June 30, 2011.

- Our auditors obtained and documented a basic understanding of the RSD operations and system of internal controls, including internal controls over major federal award programs administered by RSD, through inquiry, observation, and review of its policies and procedures documentation, including a review of the related laws and regulations applicable to RSD.
- Our auditors performed analytical procedures consisting of a comparison of the most current and prior year financial activity using RSD's annual fiscal reports and/or system-generated reports and obtained explanations from RSD management of any significant variances.
- Our auditors reviewed the status of the findings identified in the prior year engagement. In our prior management letter on RSD, dated December 14, 2010, we reported a finding relating to delinquent payments to vendors which has been resolved by management. The findings relating to inadequate controls over payroll and noncompliance with A-87 payroll certification regulations have not been resolved, and the finding relating to noncompliance with state equipment management regulations has been partially resolved. These three findings are addressed again in this letter.
- Our auditors considered internal control over financial reporting, examined evidence supporting RSD's recorded operating leases and interagency receipts, and tested RSD's compliance with laws and regulations that could have a direct and material effect on the State of Louisiana's financial statements, as part of our audit of the state's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011, in accordance with *Government Auditing Standards*.

- Based on the documentation of RSD’s controls and our understanding of related laws and regulations, procedures were performed on RSD’s school activity funds, movable property, payroll expenditures, and certain non-payroll expenditures (other charges).
- Our auditors performed internal control and compliance testing in accordance with Office of Management and Budget (OMB) Circular A-133 on the following federal programs for the fiscal year ended June 30, 2011, as a part of the Single Audit for the State of Louisiana:
 - School Improvement Grants (CFDA 84.377)
 - Title II Improving Teacher Quality State Grants (CFDA 84.367)
 - Special Education Cluster (IDEA) (CFDA 84.027, 84.173, 84.391, 84.392)
 - Title I, Part A Cluster (CFDA 84.010, 84.389)
 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA 97.036)

The Annual Fiscal Report of RSD was not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. RSD’s accounts are an integral part of the State of Louisiana financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

Based on the application of the procedures referred to previously, we have included all significant findings that are required to be reported by *Government Auditing Standards*. The findings relating to inadequate controls over payroll and noncompliance with A-87 payroll certification regulations will also be included in the State of Louisiana’s Single Audit Report for the year ended June 30, 2011. Other than the findings noted on the following pages, we found no significant control deficiencies, noncompliance, or errors relating to our analytical procedures or our other audit procedures, including our procedures on federal programs that should be communicated to management.

The following significant findings are included in this letter for management’s consideration.

**Lack of Record and Equipment Retention Policy
for Closed or Transferred Schools**

RSD has no written policy or control procedures for retaining, maintaining, and securing records and equipment for RSD direct-run schools that are closed or transferred to a charter organization. During our review of RSD payroll expenses, RSD was unable to locate requested payroll records for the period of June 2010 to December 2010 for Hope Academy, an RSD direct-run school that was previously closed. When we inquired about policies or procedures to ensure that student records (e.g., transcripts, health records) and non-students records (e.g., time records, property records) were properly secured and

maintained, we were informed that RSD did not have a policy or control procedures relating to school property and records in the event of a transfer or closure of a school.

Failure to develop and implement documented policies and procedures to ensure that records and equipment are retained, maintained, and secured violates state law and increases the risk of the untimely destruction of vital information and misappropriation of equipment. In addition, because of the nature of the information maintained within student records, the risk exists that sensitive information could be recovered and improperly used. Louisiana Revised Statute 44:412 requires the head of each agency establish and maintain an active, continuing program for the economical and efficient management of the records of the agency. Also, good internal control requires that adequate control procedures be in place to ensure proper safeguarding of records and equipment against loss arising from unauthorized use or misappropriation.

Management should develop and implement written policies and control procedures for retaining, maintaining, and securing records and equipment for RSD direct-run schools that are closed or transferred to a charter organization to ensure that records and equipment are maintained in accordance with state laws and regulations. Management concurred with the finding and provided a plan of corrective action (see Appendix A, pages 1-2).

Loss of Movable Property

For the fifth consecutive year, RSD did not ensure that movable property was safeguarded against loss, including loss arising from unauthorized use and misappropriation.

Our review of RSD's movable property activity disclosed the following:

- In our test of 48 movable property items, nine (19%) items were not located.
- RSD's annual certification of property inventory, which was submitted to and approved by the Louisiana Property Assistance Agency, disclosed \$26,245,967 in total movable property, which included 403 items with a total value of \$553,385 that have been identified as unlocated during the past four-year period. Of the 403 unlocated items, 346 items were computers.
- RSD reported 16 incidents involving 194 movable property items with an approximate value of \$168,375 as missing/stolen to the legislative auditor and the local district attorney. Of the 194 movable property items, 190 were computers. Management has represented that 47 computers with an approximate value of \$37,385 have been recovered.

Among the 16 reported incidents, three incidents involved forced entry that resulted in a loss of 24 items with an approximate value of \$19,800. One incident accounted for almost half of the items reported

missing/stolen. This incident involved 94 Dell laptop computers with a value of \$70,124 that were determined to be missing after a school's year-end inventory count was performed.

Although RSD has made improvements in locating previously unlocated assets, the RSD's movable property function is hampered by the decentralization of movable property at the various custodians (schools) and a lack of accountability of the custodians for RSD property. Failure to safeguard movable property increases the risk that assets may be misreported, lost, or stolen. In addition, the year-to-year cost of replacing lost or stolen movable items could reduce the availability of funds (federal or state) for other educational objectives.

Good internal control requires that adequate procedures be in place to ensure that the locations of all movable property items are monitored and updated frequently and that thorough periodic physical counts of property inventory be conducted. In addition, good internal control should ensure that movable property is properly safeguarded against loss or theft arising from unauthorized use and misappropriation.

Management should continue to improve controls over movable property by increasing its efforts to make the custodians responsible and accountable for assigned RSD movable property, emphasizing compliance with established policies through training and guidance, and continuing to search for unlocated property. Management concurred with the finding and provided plans of corrective action (see Appendix A, pages 3-5).

Inadequate Controls Over Payroll

During fiscal year 2011, RSD made overpayments to employees totaling \$8,507, did not ensure that employee separation dates were accurate or timely, and did not have adequate documentation to support certain payroll charges. Of the \$8,507 overpayments identified, \$2,648 was funded by federal programs and represents questioned costs. The Special Education Grants to States (IDEA, Part B) (CFDA 84.027) and Immediate Aid to Restart School Operations Program (CFDA 84.938A) were charged \$2,024 and \$624, respectively. The remaining amount of \$5,859 was funded by the Minimum Foundation Program. This is the fifth consecutive year that we have cited RSD for inadequate controls over its payroll process.

From July, 1, 2010, to June 22, 2011, 666 employee separation dates were entered into the ISIS/Human Resource payroll system (ISIS/HR). Our tests disclosed the following exceptions:

- For 21 of 23 (91%) employees tested, final separation dates were not entered into ISIS/HR before the close of the employees' last pay period. Days late ranged from 32 to 174 days and resulted in overpayments to five employees totaling \$5,591. The remaining overpayments totaling \$2,916 were identified by RSD.

- For 11 of the 21 exceptions we noted above, RSD did not have supporting documentation available to confirm the employees' separation dates. Without this documentation, we could not determine if the separation dates entered into ISIS/HR were accurate and, therefore, additional overpayments may have been made and not detected.

In our test of employee time sheets from three pay periods, the following exceptions were noted:

- Five of 24 (21%) employees did not have a time sheet on file for the requested pay period.
- Four of nine (44%) employees with leave did not have approved leave slips on file.
- For 10 of 24 (42%) employees, RSD could not provide supporting documentation to confirm the employees' approved rates of pay.
- One of 19 (5%) employees did not have an approved time sheet on file.
- One of 19 (5%) employees' time sheets was not properly completed and did not match the employee's check stub.

During audit procedures performed relating to OMB Circular A-87 payroll certification regulations, we identified 11 of 38 (29%) time sheets that did not have a supervisory approval. One time sheet was not signed by the employee or the supervisor, while on another time sheet the employee signed and approved his own time sheet. OMB Circular A-87, Attachment A, Section C (1) (j) states that to be allowable under federal awards, costs must be adequately documented. RSD policy requires employees to sign in and out daily and initial the biweekly time sheets at the end of each pay period. In addition, time sheets must be certified by the supervisor. Good internal controls require that employees be paid only for days worked within their employment period and that employee terminations should be entered accurately in the payroll system before the close of the employee's last pay period.

Documentation relating to payroll transactions including separation dates was not provided to RSD's Human Resource section in a timely manner. Lack of detailed policies and procedures relating to the notification of terminations and a lack of accountability at the RSD sites hamper the timely transfer of information. In addition, since RSD's personnel are decentralized, the large volume of documentation that is required to be transferred from the various RSD sites to the central office increases the risk of lost documentation. Failure to support payroll charges with adequate documentation increases the risk that employees will be paid improperly and may result in federal disallowed cost.

Management of RSD should continue its efforts to (1) improve control over payroll; (2) ensure payroll policies and practices clearly communicate and instruct RSD personnel to report termination immediately; (3) consider storing and transmitting supporting documentation electronically; (4) place emphasis on compliance with payroll policies and practices through training and guidance; and (5) continue to track and recoup overpayments. Management concurred in part with the finding and provided plans of corrective action (see Appendix A, pages 6-7).

Additional Comments: Auditors were not provided time sheets after the initial request or under a separate cover as indicated in management's response. On January 3, 2012, auditors received three of the five time sheets that were not located at the time the test work was performed. The inability to obtain supporting documentation in a timely manner demonstrates a control deficiency within RSD's payroll processes. Failure to maintain information in an organized manner reduces the ability to provide timely and accurate information to management and other responsible officials.

Noncompliance With A-87 Payroll Certification Regulations

For the fourth consecutive year, RSD did not ensure that certifications for payroll expenditures charged to federal programs were completed as required by federal regulations.

Audit procedures were performed on four monthly certifications and 34 semiannual certifications. For the 38 certifications tested, the following exceptions were identified:

- Five of the semiannual certifications were not completed. Two certifications were completed by the employee and supervisor after the auditor's initial request for the certifications and no certification was provided for three employees.
- For one of the monthly certifications, the cost distribution report did not agree to the program and percentage charged per the certification, and an adjustment was not completed to reflect the actual effort of the employee nor was an additional time certification completed to reflect the actual percentage time charged to the federal program.

OMB Circular A-87, "Cost Principles for State and Local Governments," requires that when employees work on multiple activities or cost objectives, a distribution of their salaries must be supported by personnel activity reports or equivalent documentation reflecting an after-the-fact distribution of the actual activity. These personnel activity reports must be prepared at least monthly, signed by the employee, and based on the work performed and not on budget. If employees work solely on a single federal award or cost objective, the certifications must be prepared at least semiannually.

A lack of enforcement of policies and procedures over the A-87 certification process and insufficient communication between RSD personnel contributed to the exceptions noted above. Failure to prepare, maintain, and locate required payroll certifications increases the risk that expenditures are not fairly and accurately allocated to federal programs and results in noncompliance with OMB Circular A-87.

Management should continue to provide annual training on the A-87 certification process, provide employees with written notification on the completion and processing of A-87 certifications, and emphasize to supervisory personnel the necessity of an adequate review process. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 8).

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

This letter is intended for the information and use of RSD and its management, management of the Department of Education, the Board of Elementary and Secondary Education, others within the entity, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. 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

JMJ:JR:EFS:THC:dl

RSD 2011

Appendix A

Management's Corrective Action Plans and Responses to the Findings and Recommendations

Excellence.Equity.Community. Recovery School District

Mr. Daryl G. Purpera
Legislative Auditor
1600 North Third Street
PO Box 94397
Baton Rouge, LA 70804-9397

December 15, 2011

Re: RSD's Official Response – Reportable Audit Finding – Lack of Record and Equipment Retention Policy for Closed or Transferred Schools

Dear Sir:

The Recovery School District (RSD) sincerely appreciates the opportunity to respond to the audit finding relating to the RSD's lack of record and equipment retention policy.

The RSD concurs in the finding; however, the RSD has been in the process of addressing the issue since early September 2011 when the RSD began to address the Equipment and Record Retention and Transfer Policy for various different situations which include:

- 1) The movement of a charter school to the RSD;
- 2) The movement of an RSD direct run school to a charter;
- 3) The movement of an RSD charter school to another RSD charter school;
- 4) A school closing;
- 5) A school co-locating with another school ;
- 6) A phase out of a school. (The RSD will be transferring to a charter school over time)

The RSD considers this an important step as it continues to transform schools. A reference to this policy development was also referenced in the Loss of Movable Property response dated November 30, 2011. The checklist being used for the development of the policies includes Property and Human Resources record retention.

The date when we expect to have all policies and procedures in place will be June 30 2012.

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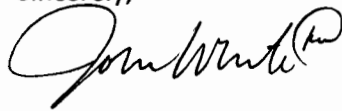
The individuals responsible for the policies will be;

Financial Records – Robert Fulton, Executive Director Finance

Operations (property control) – Betty Coulon , Executive Director of Operations

Human Resource Records – Sametta Brown, Executive Director of Human Resources

Sincerely,



John White

Superintendent

Recovery School District

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November 30, 2011

Mr. Daryl G. Purpera
Legislative Auditor
1600 North Third Street
PO Box 94397
Baton Rouge, LA 70804-9397

Re: RSD's Official Response – Reportable Audit Finding – Loss of Movable Property

Dear Sir:

The Recovery School District (RSD) sincerely appreciates the opportunity to respond to the audit findings relating to the RSD's Loss of Movable Property Report.

- **In our test of 48 movable property items, nine items (19%) were not located.**

The RSD concurs with this finding. Of the nine items not located, five items were assigned to schools that either recently converted from a RSD direct run school to a Charter operated school or where a school fully closed. Three of the nine items were assigned to Charter School operators and one item was assigned to a RSD direct run school. Two of the 9 items have been located since this report was published. The state tag numbers for these two items are 26815-001381 and 26815-005797.

Corrective Action Plan: The RSD is developing a policy and procedure to account for and document all state owned property prior to transfer or closure of schools and at time of actual transfer or closure. The procedure will include conducting a physical inventory at the time an official announcement is made regarding a school change and then again at the time of the actual transfer/closure of school. The RSD's policy will also identify and certify new school operators on the procedures relating to accountability of state owned property.

Completion Date: The RSD has already implemented the process of conducting a physical inventory at school locations announced for possible closure at the end of this school year. The remainder of the policy will be finalized and implemented by January 31, 2011.

- **RSD's annual certification of property inventory, which was submitted to and approved by the Louisiana Property Assistance Agency, disclosed \$26,245,967 in total property, which included 403 items with a total value of \$553,385 that have been identified as unlocated during the past four years period.**

The RSD concurs with this finding. Of the 403 items reported, 19 items were unlocated during year 2011, 216 items were unlocated during year 2010 and the remaining 168 items were unlocated during 2009 and 2008. The RSD has made considerable improvement in this area.

1641 Poland Avenue • New Orleans, LA 70117 • 1.504.373.6200 • www.rsdlc.net

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Corrective Action Plan: The RSD has implemented a procedure for school operators to assume the custodial responsibilities of property assigned to their school. Schools are currently in the process of conducting annual physical inventories. The RSD's Property Control Staff will analyze each school's inventory and input this information in the Protégé system. The RSD's Property Control Staff will conduct random physical inventories of schools to ensure information reported is accurate and true.

The RSD is developing policies and procedures relating to Property Control and will be conducting training sessions to ensure that school custodians are aware of the responsibilities of property management.

Completion Date: Schools have been assigned their responsibilities and requirements for conducting their annual inventory. The final policy will be finalized and implemented by January 31, 2011.

RSD reported incidents involving movable property items as missing/stolen to the legislative auditor and the local district attorney

Corrective Action Plan: The RSD reviews all reports of missing/stolen property to detect any potential breach in building security systems or Property Management procedures.

Reviews have identified additional security devices (window break devices) were needed at one school to protect a prime point of unauthorized entry. Reviews identified two schools that did not have an adequate alarm system to monitor unauthorized access to buildings and the RSD had new security systems installed.

Reviews have also identified lack of controls during school transfers and closures. New procedures are being implemented as identified above.

Reviews have also identified lack of controls and monitoring in the tracking of computer equipment reported stolen/missing. The majority of RSD's computer equipment is equipped with a GPS tracking system. New procedures and systems have been put in place to monitor the status of computer tracking and recovery of computers.

Since this report was issued, the RSD has received notification of additional computer devices that have been recovered and scheduled for return to the RSD. The RSD will continue to monitor the tracking of computers to ensure recovery and return when possible.

Completion Date: Corrections to monitoring processes are complete. The RSD will continue to review and investigate any new identified missing property.

The person identified to implement the above corrective action plans is Betty Coulon , Executive Director of Operations.

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Thank you for the opportunity to respond to this audit. The RSD is working aggressively to correct the above findings and we look forward to making continued improvements. Please contact Betty Coulon should you have any questions.

Sincerely,



John White

Superintendent

Recovery School District

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Mr. Daryl G. Purpera
Legislative Auditor
1600 North Third Street
PO Box 94397
Baton Rouge, LA 70804-9397

December 16, 2011

Re: RSD's Official Response – Reportable Audit Finding – Inadequate Controls over Payroll

Dear Sir:

The Recovery School District (RSD) sincerely appreciates to respond to the audit finding relating to inadequate controls over payroll.

TEST OF SEPARATION DATE

- The RSD concurs with the finding and agrees that separations continue to be an area that requires monitoring and systems in place to prevent late separations. Since the Human Resources Department is not always notified immediately when a staff member resigns at the school level two processes have been implemented. To tighten controls, principals will be required to submit a bi-weekly update roster of all school staff which will to be used to compare to current staff reports to be run by HR bi-weekly. We concur with the finding that late separations can result in overpayments and continue to ask supervisors to provide HR with notifications of separations.
- The RSD in fiscal year 2011 had total payroll expense of over \$90,000,000. You identified overpayments of \$8,507. However your report does not reflect that of this overpayment amount, the RSD has recouped about \$6,000 from these employees.

TEST OF EMPLOYEE TIME SHEETS

- We take exception to the finding that five employees did not have time sheets for the particular pay period. Time sheets were submitted after the initial request was made and should not be an exception. We have provided these timesheets to you under separate cover.
- We concur with the finding that four of the employees tested did not have approved leave slips on file. We will continue to emphasize the importance of leave slip completion to supervisors and required that leave slips are attached to time sheets prior to time sheet approval.
- RSD takes exception to the finding that an employee did not have an approved time sheet on file. The employee in question was injured at work and chose to work half days and went to therapy the other half. Coding for this part of the day was done by HR to reflect the workman's compensation part of the day.

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- We concur with the finding that salary documentation could not be provided for various moves within the organization. Employee rates of pay and years of service credit can be found on the district web site. EAR and PAR were not necessarily required for moves, but are now currently in use and are now required for all moves. RSD will continue to ensure appropriate documentation is included in the employees.
- We also concur that the auditor identified 11 timesheets which were not signed by the supervisor relating to the auditor test of A -87's. The oversights occurred when the supervisor was not in the office when the timesheets needed to be signed. Since that time the supervisors have signed the time sheets. We have emphasized to the supervisors that they need to delegate authority to others to sign timesheets when they are absent.

The individual responsible for continued efforts in payroll control is Sametta Brown, Executive Director of Human Resources.

Sincerely,



John White

Superintendent

Recovery School District

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November 28, 2011

Mr. Daryl Purpera
Legislative Auditor
1600 North Third Street
PO Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

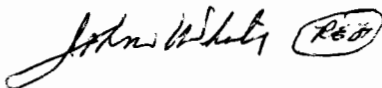
The Recovery School District sincerely appreciates the opportunity to respond to your audit findings. This letter is in response to the finding related to the preparation of A-87 certifications for 5 of 38 individuals tested which as indicated by your report demonstrates progress from prior years.

Your testing of 38 individuals found 5 individuals who were found to be coded to federal grants yet did not have accurate A-87 certifications on file. Following your testing we obtained the required A -87 forms for all 5 of those employees.

- In one case, there was an incorrect A 87 on file. The employees A87 was a duplicate of her A87 from the previous year. This has been corrected
- In four other cases, the A 87 was not on file and these have now been completed

In addition to the training we provide grant managers on the A 87 requirements for certification, our finance team is ensuring we obtain the A-87's for all programs. .

Sincerely,



John White
Superintendent
Recovery School District