

LOUISIANA SCHOOLS FOR THE DEAF  
AND VISUALLY IMPAIRED  
SPECIAL SCHOOLS AND COMMISSIONS



FINANCIAL AUDIT SERVICES  
PROCEDURAL REPORT  
ISSUED SEPTEMBER 20, 2021

**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**  
ERNEST F. SUMMERVILLE, JR., CPA

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# Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA



## Louisiana Schools for the Deaf and Visually Impaired

September 2021

*Audit Control # 80210012*

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### Introduction

The primary purpose of our procedures at the Louisiana Schools for the Deaf and Visually Impaired (LSDVI) was to evaluate certain controls LSDVI 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

We evaluated LSDVI’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 LSDVI’s controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures on selected controls and transactions relating to inventory, payroll expenditures, contract expenditures, travel expenditures, LaCarte purchasing card expenditures, federal grant reimbursements, Medicaid claims, and on-campus housing.

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### Follow-up on Prior-report Finding

We reviewed the status of the prior-report finding in LSDVI’s procedural report dated May 8, 2019. The prior-report finding related to Inadequate Controls over Inventory has not been resolved and is addressed again in this report.

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## **Current-report Findings**

### **Untimely Submission of Medicaid Claims**

LSDVI management failed to ensure that Medicaid claims were submitted to the Louisiana Department of Health for reimbursement within the 12-month filing limit, which resulted in a loss of federal funds.

LSDVI provides school-based health care services to Medicaid eligible students who are receiving special education services and receives reimbursement from Medicaid for a portion of the cost of the health services provided. A review of 29 Medicaid remittance advices dated July 30, 2019, to March 2, 2021, disclosed that of the 13,919 claims submitted, 890 (6%) claims totaling \$18,780 were denied because they were not submitted within 12 months of the date of service as required by Medicaid program regulations. LSDVI management did not establish written policies and procedures for its billing process and did not provide supervisory oversight to ensure that employees submitted claims in a timely manner.

Failure to submit Medicaid claims timely increases the risk that costs will not be recovered for services provided and could limit the amount of funds available to provide special education services to students. LSDVI management should establish policies and procedures for its billing process, and provide supervisory oversight to ensure that Medicaid claims are submitted to the Louisiana Department of Health within the timeframe established by program regulations. Management concurred with the finding and provided a plan of corrective action (see Appendix A, page 1).

### **Weaknesses in Controls over On-Campus Housing**

LSDVI management did not maintain supporting documentation to show that guest stays in on-campus housing were approved and for an appropriate business purpose, and did not ensure that rent was collected, when applicable. This occurred because management failed to follow and enforce established policy. Lack of adherence to policy increases the risk that assets could be used for unallowed activities and may result in uncollected revenue.

Our review of guest stays in on-campus housing disclosed the following:

- An employee was allowed to stay rent-free in on-campus housing from June 8, 2015, through July 17, 2018. LSDVI management stated that at the time there was a written policy that allowed any employee staying more than 50 miles from campus to stay in on-campus housing. However, LSDVI was unable to provide a copy of the policy or evidence to show that the employee was approved to stay in on-campus housing and that no rent would be collected.
- For 12 guest stays that occurred during the period August 2019 through June 2021, four (33%) did not have documentation to show that the stays were approved, housing agreements were signed, and rent was collected, when applicable, in accordance with established policy. One of the four stays with no supporting

documentation started on July 1, 2020, and had not ended as of June 30, 2021.

LSDVI's on-campus housing policy, which was implemented in April 2019, requires that requests for on-campus housing be approved by the Special School District (SSD) Superintendent; employees sign an agreement that includes authorized dates of residence, amount of rent, and the names of any other residents; and rent be paid through payroll deduction. New employees who will provide direct services to SSD students who are moving to accept a job with SSD are allowed to stay in on-campus housing for six weeks while he/she finds permanent housing. Article 7, Section 14 of the Louisiana Constitution of 1974 provides that the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Management should strengthen controls to ensure that documentation is maintained to show that guest stays in on-campus housing are approved and for proper business purposes, and that rent is collected in accordance with established policy and procedures. Management concurred with the finding and provided a plan of corrective action (see Appendix A, pages 2-3).

### **Inadequate Controls over Inventory**

For the third consecutive engagement, LSDVI did not have adequate controls in place to ensure that complete and accurate inventory records were maintained over the food services inventory. The absence of good internal controls over inventory increases the risk of theft and waste, and prevents management from properly managing and monitoring inventory levels.

Our review of food services inventory disclosed the following:

- For 30 items selected from the food services inventory listing, we performed a physical count of the items. The on-hand count for 17 (57%) items did not agree to the count included on the inventory listing. Seven items had more on hand than indicated on the inventory listing, and 10 had less on hand than indicated on the inventory listing.
- For 20 items selected from the food services stockroom and coolers, we compared the count on-hand to the count on the inventory listing. The on-hand count for five (25%) items did not agree to the count included on the inventory listing. Three items had more on hand than indicated on the inventory listing and two had less on hand than indicated on the inventory listing.

These exceptions occurred because food services employees did not accurately record items purchased, used, and disposed. In addition, there was no supervisory review to ensure that records were accurate and complete. Good internal controls over inventory include maintaining complete and accurate inventory records, including a method of accurately accounting for items as they are purchased and used.

Management should emphasize established policies through training and guidance, and provide supervisory oversight to ensure that inventory records are accurate and complete. Management concurred with the finding and provided a plan of corrective action (see Appendix A, page 4).

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

LSDVI management did not ensure that purchases made with the LaCarte card were electronically signed off in WORKS, the Bank of America online banking system, in a timely manner and in accordance with LSDVI 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 2,100 LaCarte card transactions totaling \$635,027 for the period October 15, 2019, through February 5, 2021, disclosed the following:

- 357 (17%) transactions totaling \$154,253 were not signed off in WORKS by the supervisor in a timely manner. Signoffs ranged from one to 101 days after payment of the card statements.
- 38 (2%) transactions totaling \$7,958 were not signed off in WORKS by the cardholder and supervisor in a timely manner. Signoffs ranged from one to 217 days after payment of the card statements.
- Ten transactions totaling \$2,497 were not signed off by the supervisor in WORKS. In addition, the cardholder signed off on five of these transactions from 116 to 289 days after payment of the card statements.
- One transaction for \$25 was not signed off by the cardholder and supervisor in WORKS.

LSDVI's LaCarte policy requires cardholders and approvers to electronically sign off on all transactions in WORKS. State LaCarte policy requires employees 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. LSDVI management did not provide supervisory oversight to ensure that employees followed established policies and procedures.

LSDVI 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 statement. Management concurred with the finding and provided a plan of corrective action (see Appendix A, page 5).

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## **Inventory**

LSDVI's food services inventory balance consists of non-perishable food supplies kept in a stockroom and perishable food and supplies kept in coolers and freezers. We obtained an understanding of LSDVI's controls over food services inventory. We performed procedures to determine if LSDVI had adequate controls in place to ensure that complete and accurate inventory records were maintained. Based on the results of our procedures, we reported a finding on Inadequate Controls over Inventory (see Current-report Findings section).

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## **Payroll Expenditures**

Salaries and related benefits comprise approximately 83% and 81% of LSDVI's fiscal year 2020 and 2021 expenditures, respectively. We obtained an understanding of LSDVI's controls over the time and attendance function and reviewed selected employee time statements, leave records, and personnel files for the period July 1, 2019, through January 31, 2021. Based on the results of our procedures, LSDVI had adequate controls in place to ensure timely review and approval of employee time statements and leave requests, and employees were paid the amounts authorized.

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## **Contract Expenditures**

We obtained an understanding of LSDVI's controls over professional, consulting, and personal services contracts. We examined selected contract expenditures and the associated contracts for the period July 1, 2019, through February 28, 2021. Based on the results of our procedures, LSDVI had adequate controls over contract expenditures to ensure they were properly approved, adequately supported, and for a proper business need, contract deliverables had been met, contractors were selected in accordance with state law, and expenditures did not exceed the amount of the contract.

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## **Travel Expenditures**

We obtained an understanding of LSDVI's controls over travel expenditures and examined selected travel expenditures during the period July 1, 2019, through February 28, 2021, for compliance with state laws and LSDVI policies, and to ensure that they were properly authorized, adequately supported, and for a proper business need. Based on the results of our procedures, LSDVI had adequate controls over travel expenditures and complied with applicable laws and regulations.

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## **LaCarte Purchasing Card Expenditures**

LSDVI participates in the State of Louisiana’s LaCarte purchasing card program. We analyzed LaCarte card transaction listings for the period October 15, 2019, to February 5, 2021, to determine if transactions were being electronically approved in accordance with LSDVI and state policies. Based on the results of our procedures, we reported a finding on Untimely Approvals of LaCarte Card Purchases (see Current-report Findings section).

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## **Federal Grant Reimbursements**

LSDVI receives federal grant funds via interagency transfers from the Louisiana Department of Education (LDOE). We obtained an understanding of LSDVI’s controls over grant expenditures and the submission of reimbursement requests to the LDOE. We reviewed selected reimbursement requests submitted during the period July 1, 2019, through February 28, 2021, to ensure that expenditures were adequately supported and allowable per the grant regulations. Based on the results of our procedures, LSDVI had adequate controls in place over grant expenditures to ensure they were adequately supported and allowable per program regulations.

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## **Medicaid Claims**

LSDVI receives reimbursement from Medicaid for a portion of the cost of school-based health care services provided to Medicaid eligible students. We obtained an understanding of LSDVI’s controls over the claim submission and reimbursement process. We reviewed selected claim transactions for the period July 1, 2019, through February 28, 2021, to ensure that the services were provided and were adequately supported, and reviewed remittance advices dated July 30, 2019, to March 2, 2021, to ensure that claims were submitted in a timely manner. Based on the results of our procedures, LSDVI had adequate controls in place to ensure that Medicaid services were provided and adequately supported. However, we reported a finding on Untimely Submission of Medicaid Claims (see Current-report Findings section).

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## **On-Campus Housing**

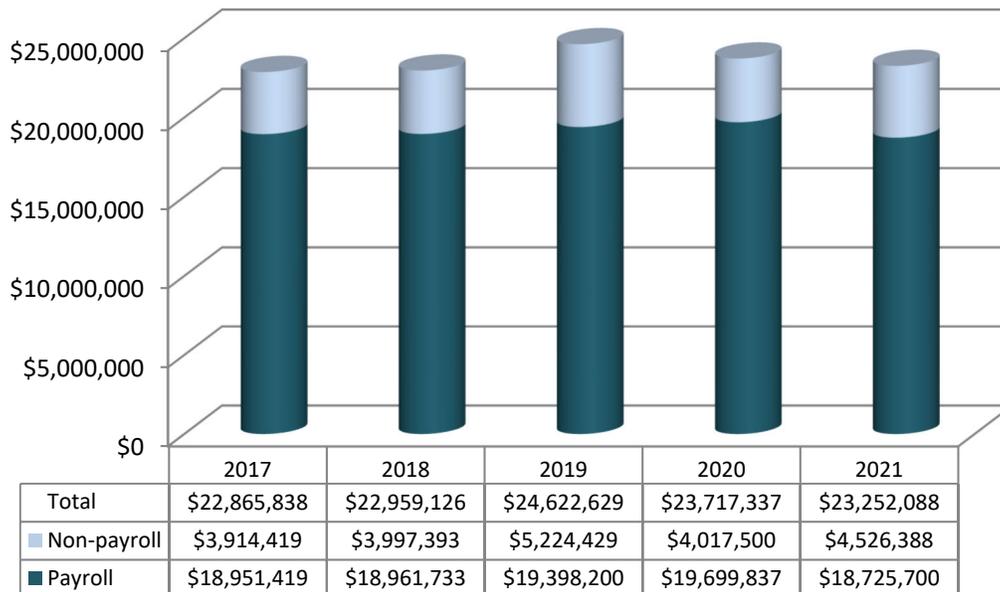
We obtained an understanding of LSDVI’s controls over on-campus housing. We reviewed guest stays during the period June 8, 2015, through June 30, 2021, to determine if they were properly approved in accordance with LSDVI policy. Based on the results of our procedures, we reported a finding on Weaknesses in Controls over On-Campus Housing (see Current-report Findings section).

## Trend Analysis

We compared the most current and prior-year financial activity using LSDVI's Annual Fiscal Reports and/or system-generated reports and obtained explanations from LSDVI's management for any significant variances. We also prepared an analysis of LSDVI's expenditures and revenue from fiscal year 2017 through fiscal year 2021.

As shown in Exhibit 1, payroll expenditures made up the majority of LSDVI's expenditures each fiscal year. Per LSDVI management, payroll expenditures decreased in fiscal year 2021 due to a decrease in personnel as a result of the COVID-19 pandemic and nonpayroll expenditures increased in fiscal year 2019 mainly due to an increase in capital outlay and repair costs for the replacement of air handling units and the purchase of passenger vans.

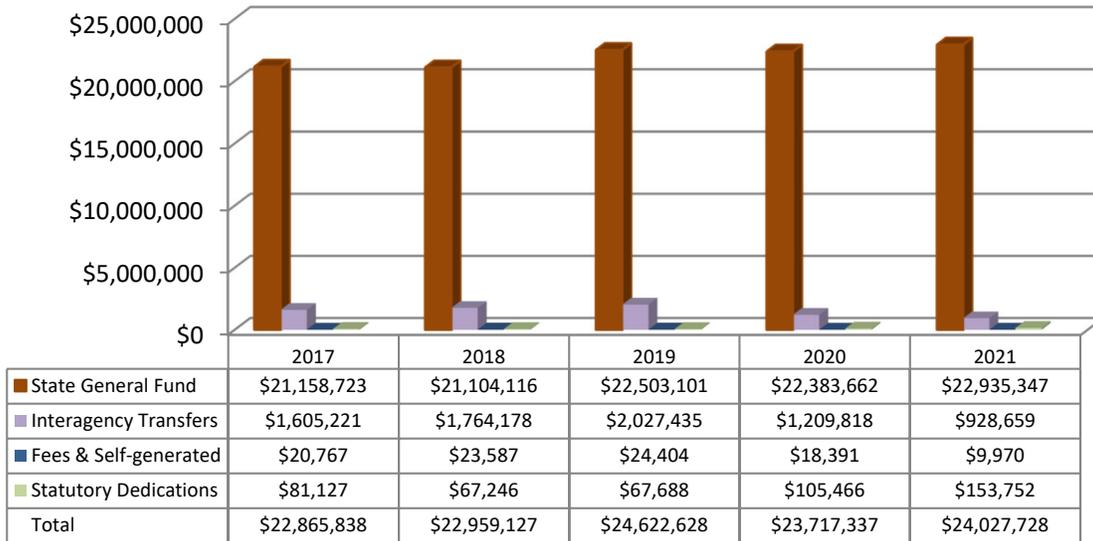
**Exhibit 1**  
**Expenditures – Fiscal Years 2017 through 2021**



**Source:** Integrated Statewide Information System and LaGov ERP Financial Reports

As shown in Exhibit 2, LSDVI is primarily funded with state General Fund monies.

**Exhibit 2**  
**Revenue by Appropriation Type – Fiscal Years 2017 through 2021**



**Source:** Integrated Statewide Information System and LaGov ERP Financial Reports

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

DJD:CRV:BQD:EFS:aa

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





## Louisiana Schools for the Deaf and Visually Impaired

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2888 Brightside Lane  
Baton Rouge, Louisiana 70820  
(225) 757-3311 Tel.  
(225) 757-3248 Fax



June 9, 2021

Michael J. "Mike" Waguespack, CPA  
Louisiana Legislative Auditor  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Re: Response to Audit Finding  
Untimely Submission of Medicaid Claims

Dear Mr. Waguespack:

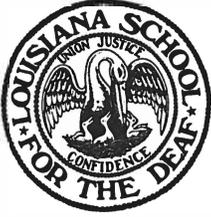
This letter serves to provide a formal response to the above-referenced audit finding in the Medicaid Program. LSDVI does concur with the finding of "Untimely Submission of Medicaid Claims" with the Louisiana Department of Health. In the past, the Business Manager was the one who exported the consultation claims from our Medicaid software "J-Campus" and the Accountant 4 would process the claims and send it on to the Medicaid office. Unfortunately, the previous Business Manager did not know that Medicaid would only accept a maximum of four consultation services per day per student and a total of 49 claims per student per billing group can be transmitted. Several months of "Dates of Service" would be submitted too infrequently thus causing many of the claims to be denied. This is the root cause of the problem.

The corrective action plan has already been carried out by the Business office. In January of 2020 LSDVI began submitting Medicaid claims on a monthly basis. This has cut down the number of claims being denied significantly. We have also spoken to our nurses in the health unit and explained the Medicaid rules in order to cut down on the number of denied claims. The key contacts will be Mark Ott, Business Manager, Sheila Rispono, Accountant 4 and Wyatt Vial, Revenue Manager.

Sincerely,

A handwritten signature in blue ink that reads "Ernest Garrett III".

Ernest Garrett III, Ph.D. Candidate, M.Phil., M.S., LCSW  
Superintendent, Louisiana Special School District



**Louisiana Special School District / Louisiana Schools for  
the Deaf and Visually Impaired**



2888 Brightside Lane  
Baton Rouge, Louisiana 70820  
(225) 757-3311 Tel.  
(225) 757-3248 Fax

August 17, 2021

Michael J. "Mike" Waguespack, CPA  
Louisiana Legislative Auditor  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Re: Response to Audit Finding  
Weakness in Controls over On-Campus Housing

Dear Mr. Waguespack:

The Louisiana Special School District (SSD) concurs with the "Weakness in Controls over On-Campus Housing" finding at the Louisiana Schools for the Deaf and Visually Impaired (LSDVI).

Having adequate internal controls and ensuring compliance are of utmost importance to this organization and the current administration. While SSD is committed to correcting issues identified in the finding, including developing and adhering to formal written policies and procedures that strengthen controls over On-Campus Housing, it should be noted that many of the issues in the finding originated under the previous administration.

SSD has revised Administrative Policies/Procedures over On-Campus Housing. The new policy, reviewed/revised in July of 2021, reiterates and clarifies key information surrounding the use of On-Campus Housing and specifically references the "On-Campus Housing Agreement" form, which is provided as an attachment to the policy.

In accordance with this policy, Requests for On-Campus Housing must be approved in advance by the SSD Superintendent. If the Request for On-Campus Housing is approved, a copy of the request must be submitted to the Operations Director, Human Resources Director and Business Manager. Then, the "On-Campus Housing Agreement" must be signed by both the potential resident and SSD Superintendent. The Operations Department will not provide access to the facility until the Request is approved by the Superintendent, the Housing Agreement is signed by both parties, and the potential resident has participated in a walk-through with Operations.

An internal review is being conducted to ensure that each stay has been fully documented and supporting documentation is readily available.



**Louisiana Special School District / Louisiana Schools for  
the Deaf and Visually Impaired**

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2888 Brightside Lane  
Baton Rouge, Louisiana 70820  
(225) 757-3311 Tel.  
(225) 757-3248 Fax

The key contacts will be Jeff Jacobs, Assistant Operations Director, Kenyetta Sewell, Human Resources Director, and Mark Ott, Business Manager.

Sincerely,

A handwritten signature in blue ink that reads "E. Garrett III".

Ernest Garrett III, Ph.D. Candidate, M.Phil., M.S., LCSW  
Superintendent, Louisiana Special School District



## Louisiana Schools for the Deaf and Visually Impaired

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2888 Brightside Lane  
Baton Rouge, Louisiana 70820  
(225) 757-3311 Tel.  
(225) 757-3248 Fax



May 21, 2021

Michael J. "Mike" Waguespack, CPA  
Louisiana Legislative Auditor  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Re: Audit Finding: Inadequate Controls over Food Service Inventory

Dear Mr. Waguespack:

This letter serves to provide a formal response to the above-referenced audit finding. LSDVI does concur that a repeat finding of "Inadequate Controls over Inventory" is warranted based on the facts below.

The root problem of the discrepancies found relate to human error. The best system of internal controls cannot eliminate the risk of human error. LSDVI's Business Office and Cafeteria staff have been actively managing the Food Service inventory process. The inventory accounting was moved under the control of the Business Office because of the retirement of our long time Registered Dietitian/Nutritional Services Director. That was the agency's first mistake. The Business Office is not set up to monitor the inventory properly.

The agency is in the process of hiring a full time nutritionist who will be responsible for all reporting and tracking of inventory in Food Services. This person will replace the current WAE who will be leaving in August of 2021. The agency will also move away from QuickBooks in the future and change to the LaGov inventory system which should help in the tracking of inventory items. Accurate recording of inventory usage is of the utmost importance to the agency. This corrective action plan will be the responsibility of the Business Office. The key contact will be Mark Ott, Business Manager. The estimated completion date is September 1<sup>st</sup>, 2021.

Sincerely,

A handwritten signature in blue ink that reads "E. Garrett III".

Ernest E. Garrett III, Ph.D. Candidate, M.Phil., M.S.W., M.S., LCSW  
Superintendent, Louisiana Special School District



## Louisiana Schools for the Deaf and Visually Impaired

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2888 Brightside Lane  
Baton Rouge, Louisiana 70820  
(225) 757-3311 Tel.  
(225) 757-3248 Fax



April 30, 2021

Michael J. "Mike" Waguespack, CPA  
Louisiana Legislative Auditor  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Re: Response to Audit Finding  
Untimely Approvals of LaCarte Card Purchases

Dear Mr. Waguespack:

This letter serves to provide a formal response to the above-referenced audit finding in the LaCarte Card Program. LSDVI does concur with the finding of "Untimely Approvals of LaCarte Card Purchases" in WORKS by the cardholder supervisors in a timely manner. In three of the four findings, the signoffs dates range from one day to 289 days after the payment of the card statement.

The corrective action plan will be carried out by the Business office. In early March of this year, the agency began to consolidate the number of cardholders and approvers in the LaCarte card program. This should help in reducing the number of unapproved transactions. Also in addition to the web based training required in LEO annually, the Business office will share with each cardholders and approvers the findings of this audit and stress the use of best practices to comply with program regulations. Each month WORKS will be monitored by the business office to insure all receipts have been reviewed and uploaded into WORKS and all paperwork has been signed off on and approved by the cardholder's approver in WORKS. This corrective action plan will take the responsibility of all cardholders and approvers in the agency. The key contacts will be Mark Ott, Business Manager, Cindy LeJeune, LaCarte Card Administrator, Wyatt Vail, Backup LaCarte Card Administrator. The estimated completion date is August 1<sup>st</sup>, 2021.

Sincerely,

*Mark Ott for Ernest Garrett III*

Mr. Ernest Garrett III  
Special School District Superintendent  
Louisiana School for the Deaf and Visually Impaired  
Attachment



## APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana Schools for the Deaf and Visually Impaired (LSDVI) for the period from July 1, 2019, through June 30, 2021. Our objective was to evaluate certain controls LSDVI 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 LSDVI's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. LSDVI's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated LSDVI'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 LSDVI.
- Based on the documentation of LSDVI's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures on selected controls and transactions relating to inventory, payroll expenditures, contract expenditures, travel expenditures, LaCarte purchasing card expenditures, federal grant reimbursements, Medicaid claims, and on-campus housing.
- We compared the most current and prior-year financial activity using LSDVI's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from LSDVI'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 LSDVI, and not to provide an opinion on the effectiveness of LSDVI'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.