



CliftonLarsonAllen LLP

2210 East Route 66
Glendora, CA 91740

phone 626-857-7300 fax 626-857-7302
claconnect.com

February 20, 2024

Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804

Dear Sir or Madam:

The following financial statements for the year ended June 30, 2023 are being reissued due to an error in the previously submitted Statement of Financial Position. Specifically, Funds Held on Behalf of Others/Due to Others were duplicated on the Statement of Financial Position, which resulted in an overstatement of the company's assets and liabilities.

To correct this error, we have re-issued the financial statements with the necessary adjustments. The overstatement of \$389,292 has been corrected by decreasing Cash and Cash Equivalents/Accounts Payable and Accrued Liabilities. Please find the revised financial statements enclosed with this letter.

Thank you for your understanding and cooperation in this matter.

Sincerely,

CliftonLarsonAllen LLP

A handwritten signature in black ink, appearing to read 'Wade McMullen', with a horizontal line extending to the right.

Wade McMullen, CPA
Principal
626-857-7300
Wade.McMullen@claconnect.com

[Enclosure]

SOPHIE B. WRIGHT CHARTER SCHOOL

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

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**SOPHIE B. WRIGHT CHARTER SCHOOL
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	13
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	15
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	18
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	22
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD	23
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	24
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	25
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES	26
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES – SCHEDULE 1	29
CLASS SIZE CHARACTERISTICS – SCHEDULE 2	30



INDEPENDENT AUDITORS' REPORT

Board of Directors
Sophie B. Wright Charter School
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sophie B. Wright Charter School (the School), a Louisiana nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sophie B. Wright Charter School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Schools' financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The accompanying schedule of compensation, benefits, and other payments to the agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedules required by Louisiana State Law, included as Schedules 1 and 2, are not a required part of the basic financial statements, but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combining financial statements. We have applied certain limited procedures, which are described in the Independent Accountants' Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated December 23, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
December 23, 2023

**SOPHIE B. WRIGHT CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 4,860,416
Cash Held for Others	389,292
Accounts Receivable	954,504
Prepaid Expenses and Other Assets	56,124
Total Current Assets	6,260,336

LONG-TERM ASSETS

Property, Plant, and Equipment, Net	756,720
Total Long-Term Assets	756,720

Total Assets	\$ 7,017,056
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 340,532
Deferred Revenue	2,000
Amounts Held for Others	389,292
Total Current Liabilities	731,824

NET ASSETS

Net Assets Without Restriction	6,285,232
Total Net Assets	6,285,232

Total Liabilities and Net Assets	\$ 7,017,056
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**SOPHIE B. WRIGHT CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

REVENUES

State and Local Public School Funding	\$ 4,932,537
Federal Grants	2,723,590
Donations	3,880
Other Income	453,041
Total Revenues	8,113,048

EXPENSES

Program Services	6,339,874
Management and General	1,587,388
Total Expenses	7,927,262

CHANGE IN NET ASSETS WITHOUT RESTRICTION

185,786

Net Assets Without Restriction - Beginning of Year

6,099,446

NET ASSETS WITHOUT RESTRICTION - END OF YEAR

\$ 6,285,232

See accompanying Notes to Financial Statements.

**SOPHIE B. WRIGHT CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 3,477,319	\$ 697,774	\$ 4,175,093
Pension Expense	46,941	9,484	56,425
Other Employee Benefits	333,983	67,475	401,458
Payroll Taxes	229,752	46,417	276,169
Legal Expenses	-	11,112	11,112
Accounting Expenses	-	82,474	82,474
Other Fees for Services	930,935	25,336	956,271
Office Expenses	1,485	287,488	288,973
Occupancy Expenses	345,291	-	345,291
Travel Expenses	-	8,766	8,766
Conference and Meeting Expenses	12,225	-	12,225
Depreciation Expense	137,179	-	137,179
Insurance Expense	63,815	59,355	123,170
Other Expenses	760,949	291,707	1,052,656
	<u>\$ 6,339,874</u>	<u>\$ 1,587,388</u>	<u>\$ 7,927,262</u>
Total Functional Expenses	<u>\$ 6,339,874</u>	<u>\$ 1,587,388</u>	<u>\$ 7,927,262</u>

See accompanying Notes to Financial Statements.

**SOPHIE B. WRIGHT CHARTER SCHOOL
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 185,786
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	137,179
Change in Operating Assets:	
Accounts Receivable	(222,948)
Prepaid Expenses and Other Assets	38,540
Change in Operating Liabilities:	
Accounts Payable and Accrued Liabilities	57,490
Deferred Revenue	(73,603)
Amounts Held for Others	2,007
Net Cash Provided by Operating Activities	<u>124,451</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Property, Plant, and Equipment	<u>(261,954)</u>
Net Cash Used by Investing Activities	<u>(261,954)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(137,503)
Cash and Cash Equivalents - Beginning of Year	<u>5,387,211</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,249,708</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	
Cash and Cash Equivalents	\$ 4,860,416
Cash Held for Others	<u>389,292</u>
TOTAL	<u>\$ 5,249,708</u>

See accompanying Notes to Financial Statements.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Institute for Academic Excellence dba Sophie B. Wright Charter School (the School) was granted a charter by the State Board of Elementary and Secondary Education in 2004 to promote excellence in a caring environment and to prepare each student, in a partnership with parents and the community, to be a lifelong self-directed learner in a diverse society.

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Financial Accounting Standards Board.

Net Asset Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Contributions restricted by donors are reported as increases in net assets without donor restriction if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restriction.

Cash and Cash Equivalents

The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2023. Management believes that all receivables are fully collectible, therefore, no provisions for uncollectible accounts were recorded.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. The School capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000.

Compensated Absences

Teachers and staff are allowed a maximum of 10 cumulative sick and/or personal days per year. These days will not carry over to the next year, but may, at the discretion of the School's board of directors, be used for extended sick leave if an employee has a medical event that necessitates longer than 10 days of recovery, and permission is granted by the board of directors of the School. At the time of retirement, death, or termination, no monies will be owed or paid to an employee for accumulated sick days. If an employee leaves the Institute to continue in another public school system, the accumulated days on record will be transferred to that system upon resignation from the School.

Revenue Recognition

The School's primary sources of funding are through the State Public School Fund and federal grants, as well as private donations. Amounts received from the State Public School Fund are conditional and recognized as revenue by the School based on the enrollment of students. Federal grants are recorded on a cost reimbursement basis. An accrual is made when eligible expenses are incurred. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2023, the School had \$868,528 in conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Other Revenue

Other revenue consists primarily of transportation services for daily bus routes contracted to other schools. The performance obligation for transportation services is satisfied after the completion of each bus route; therefore, the revenue is recognized based on the standalone price of each performance obligation.

Income Taxes

The School is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School files informational returns in the U.S. federal jurisdiction. The statute of limitations for federal purposes is generally three years.

Functional Allocation of Expenses

Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Evaluation of Subsequent Events

The School has evaluated subsequent events through December 23, 2023, the date these financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents and grants receivable for the total amount of \$5,814,920.

As part of the School's liquidity management plan, the School invests cash in excess of daily requirements in short term investments, CDs, and money market funds.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CONCENTRATION OF CREDIT RISK

The School maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following as of June 30, 2023:

Machinery & Equipment	\$ 153,741
Band Uniforms	93,999
Technology Software	35,935
Vehicles	1,350,292
CIP	56,351
Accumulated Depreciation	<u>(933,598)</u>
Total	<u><u>\$ 756,720</u></u>

Depreciation expense for the year ended June 30, 2023 was \$137,179.

NOTE 5 EMPLOYEE RETIREMENT

Defined Contribution Plan

The School offers an Internal Revenue Code Section 403(b) retirement plan to each of its qualifying employees. Employees are eligible to participate in the plan immediately upon hire. All participant contributions are 100% vested at the time of funding. Employer matching contributions, plus any earnings generated, are vested after five years of service. The Institute provides matching contributions of 4% of annual salary for 1 to 4 years of service and 7.5% of annual salary after 5 years of service. The School provides matching contributions of 10% of annual salary for the principal and assistant principal after 5 years of service.

Plan participants have the option of contributing funds before-tax (traditional) or after-tax (Roth), with a maximum annual contribution per participant of the lesser of \$17,500, or 100% of includible compensation. Participants over the age of 50 have the option to contribute an additional \$5,500 per year as a "catch-up" contribution. The School may match participant contributions equal to a discretionary percentage, as determined by the employer from year to year. Each participant must be employed on the last day of the contribution period to be considered eligible for matching contributions. The amount of employer contributions for the year ended June 30, 2023 was \$56,425.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 FUNDS HELD ON BEHALF OF OTHERS/DUE TO OTHERS

The School acts as a custodian for student activity bank accounts. Funds held on behalf of these groups amounted to \$389,292 at June 30, 2023, and are reported as both an asset (funds held on behalf of others) and a liability (due to others). Consequently, there is no effect on the School's net assets.

NOTE 7 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function(s). Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated based on time and effort include salaries and wages, pension expense, other employee benefits, and payroll taxes.

NOTE 8 CONTINGENCIES AND COMMITMENTS

The School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement would not be material.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Sophie B. Wright Charter School
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sophie B. Wright Charter School (the School), a nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, the related notes to the financial statements, and have issued our report thereon dated December 23, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a material weakness and 2023-002, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
December 23, 2023



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Sophie B. Wright Charter School
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sophie B. Wright Charter School's (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2023. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
December 23, 2023

**SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes no
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425D	Elementary and Secondary School Emergency Relief II (ESSER II) Fund
84.425U	Elementary and Secondary School Emergency Relief III (ESSER III) Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes x no

**SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

2023-001 – Internal Control Relating to General Ledger Account Reconciliations

Criteria or specific requirement: Internal controls should be in place to provide reasonable assurance that general ledger accounts are properly reconciled on a timely basis.

Condition: During the performance of our audit of the School's financial statements, we noted the following:

- a. The monthly reconciliation of the operating cash account included large reconciling items for uncleared transactions including deposits totaling \$318,146 that were not researched or resolved in a timely manner.
- b. The reconciliation of revenue to source documentation included variances of \$318,146 that was not researched or resolved in a timely manner.

Effect: Failure to perform reconciliations of significant accounts in a timely and accurate manner is a deficiency in the operation of controls. Specifically,

- a. Failure to reconcile cash accounts to bank statements on a timely basis could potentially result in errors or defalcations not being discovered timely. In addition, management is unable to efficiently monitor the School's operating cash.
- b. Failure to reconcile revenue to source documentation on a timely basis could potentially result in improper revenue recognition and is a failure in financial reporting.

Cause: The School's finance department experienced a shortage of staff for part of the year due to medical absences. Internal control responsibilities for the reconciliation of significant balance sheet accounts were weakened from the lack of capacity.

Repeat finding: Not a repeat finding.

Recommendation: We recommend that the School update its financial procedures and methods to research reconciling items and design, implement and maintain controls to formalize segregated duties for the preparation and review of significant account balances.

**SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

2023-002 – Internal Control Relating to Segregation of Duties for Journal Entries

Criteria or specific requirement: Segregation of duties is an instrumental component to having an effective system of internal controls. Duties and responsibilities should be assigned to personnel so that no one person is responsible for all aspects of a financial transaction.

Condition: During our audit we noted that certain personnel had the ability to generate and post journal entries to the general ledger accounting system without approval by someone independent of the preparation process. Specifically, two journal entries were recorded that improperly recognized revenue and accounts receivable in the amount of \$82,600 in total.

Effect: Increase in the risk of intentional or unintentional misstatements occurring and going undetected by management.

Cause: The School's finance department experienced a shortage of staff for part of the year due to medical absences, which resulted in weakened internal control responsibilities for the review of journal entries. In addition, due to turnover in the finance department, staff were unfamiliar with accounts receivable activity that occurred in previous years.

Repeat finding: Not a repeat finding.

Recommendation: We recommend that the School design, implement and maintain controls to formalize segregated duties for the review of journal entries.

**SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Federal Findings

There were no findings for the year ended June 30, 2023.

**SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

There were no findings for the year ended June 30, 2022.

**SOPHIE B. WRIGHT CHARTER SCHOOL
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD
 YEAR ENDED JUNE 30, 2023
 (SEE INDEPENDENT AUDITORS' REPORT)**

Agency Head: Sharon Clark

Purpose	Amount
Salary	\$ 222,138
Benefits - Employer Portion of Retirement	16,156
Benefits - Employer Portion of Medical/Dental/Vision	9,725
Travel	-
Cell Phone Reimbursement	-
Reimbursements	-
Conferences	-
Benefits - FICA Medicare	12,782
Other Compensation-Bonus	-
Community Relations	-
Professional Development	-
Total	\$ 260,801

SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Additional Award Identification	Federal Expenditures Total
U.S. Department of Education				
Pass-Through Programs From Louisiana				
Department of Education:				
Every Child Succeeds Act:				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010A	N/A		\$ 288,040
Teacher and School Leader Incentive Program	84.374A	N/A		14,463
Nita M. Lowey 21st Century Community Learning Center	84.287	N/A		574,169
Special Education Cluster: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	N/A		<u>132,599</u>
Total Special Education Cluster				132,599
Coronavirus Aid, Relief, and Economic Security Act (CARES Act):				
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	N/A	COVID-19	498,839
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	N/A	COVID-19	<u>910,613</u>
Total Coronavirus Aid, Relief, and Economic Security Act (CARES Act)				1,409,452
Total U.S. Department of Education				2,418,723
U.S. Department of Agriculture				
Pass-Through Program From Louisiana				
Child Nutrition Cluster:				
National School Lunch Program	10.555	N/A		290,275
Supply Chain Assistance	10.555	N/A		<u>14,592</u>
Total Child Nutrition Cluster				304,867
Total U.S. Department of Agriculture				<u>304,867</u>
Total Expenditures of Federal Awards				<u>\$ 2,723,590</u>

N/A - Not Applicable and/or Not Available.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

NOTE 1 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal governmental for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected to use a rate other than the 10% de minimus indirect cost rate allowed under Uniform Guidance.

SCHEDULES REQUIRED BY LOUISIANA STATE LAW
(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors of Sophie B. Wright Charter School,
the Louisiana Department of Education, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Sophie B. Wright Charter School for the fiscal year ended June 30, 2023; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of Sophie B. Wright Charter School is responsible for its performance and statistical data.

Sophie B. Wright Charter School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

Findings: None

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1 roll books for those classes and observed that the class was properly classified on the schedule.

Findings: Of the 10 classes traced to the October 1, 2022 roll books, 4 did not agree to the classification.

Education Levels/Experience of Public School Staff (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Findings: Of the 25 employees sampled, 1 did not agree to experience years reported to the state and 2 did not agree to the education level reported to the state.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

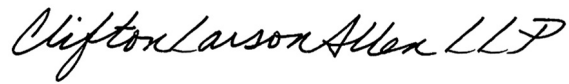
Findings: Of the 25 employees sampled, compensation paid to 23 of the employees sampled did not agree to the salary and extra compensation reported to the state.

We were engaged by Sophie B. Wright Charter School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Board of Directors
Sophie B. Wright Charter School

We are required to be independent of Sophie B. Wright Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of Sophie B. Wright Charter School as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora, California
December 23, 2023

**SOPHIE B. WRIGHT CHARTER SCHOOL
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES
SCHEDULE 1
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

General Fund Instructional and Equipment Expenditures	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 2,196,232	
Other Instructional Staff Activities	261,593	
Instructional Staff Employee Benefits	454,100	
Purchased Professional and Technical Services	126,256	
Instructional Materials and Supplies	175,726	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	-	\$ 3,213,907
Other Instructional Activities	49,108	49,108
Pupil Support Services	380,130	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		380,130
Instructional Staff Services	338,480	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		338,480
School Administration	1,583,201	
Less: Equipment for School Administration	-	
Net School Administration		1,583,201
Total General Fund Instructional Expenditures (Total of Column B)		\$ 5,564,826
Total General Fund Equipment Expenditures (Object 730; Functional Series 1000-4000)		\$ -
Certain Local Revenue Sources		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		\$ -
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		-
Total Local Taxation Revenue		-
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		-
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		-
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes		-
Nonpublic Textbook Revenue		-
Nonpublic Transportation Revenue		-

SOPHIE B. WRIGHT CHARTER SCHOOL
CLASS-SIZE CHARACTERISTICS
SCHEDULE 2
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

Class Size Characteristics
As of October 1, 2022

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
High	41	29%	13	9%	32	23%	54	39%



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors of Sophie B. Wright Charter School and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Sophie B. Wright Charter School's management is responsible for those C/C areas identified in the SAUPs.

Sophie B. Wright Charter School (the School) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Results: No exceptions noted.

- ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Exception: We did not identify policy (5) that documentation is to be maintained for all bids and price quotes.

- iii. ***Disbursements***, including processing, reviewing, and approving.

Results: No exceptions noted.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: No exceptions noted.

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

Exception: We did not identify policy for (2) review and approval of time and attendance records, including leave and overtime worked and (3) approval process for employee rates of pay or approval.

- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Exception: Contract policy does not specifically state (3) standard terms and conditions; (4) legal review; no other exceptions noted.

- vii. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Exception: Credit card policy does not specifically include (2) allowable business uses and (3) documentation requirements.

- viii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: No exceptions noted.

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Exception: We did not identify ethics policy including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Not applicable to entity.

- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: No exceptions noted.

- xii. **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Not applicable to entity.

2. Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Exception: The board meets quarterly; bylaws require monthly meeting.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds⁷. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

Results: No exceptions noted in the procedures performed.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: Not applicable to entity.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: Not applicable to the entity.

3. Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated or electronically logged);

Results: No exceptions noted in the procedures performed.

- ii. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: No exceptions noted in the procedures performed.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exception: Management did not provide documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months.

4. Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and.

The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions noted in the procedures performed.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Results: No exceptions noted in the procedures performed.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted in the procedures performed.

5. Nonpayroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii. At least two employees are involved in processing and approving payments to vendors.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results: No exceptions noted in the procedures performed.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Results: No exceptions noted in the procedures performed.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions noted in the procedures performed.

6. Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such

approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

Exception: Credit card was reviewed and approved by someone other than the card holder, however, we were not provided evidence that supporting documentation including original receipts, were included for review.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection) . For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Result: No exceptions noted in the procedures performed.

7. Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Result: No exceptions noted in the procedures performed.

8. Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - iii. If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - iv. Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted in the procedures performed.

9. Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions noted in the procedures performed.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:
- i. Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: No exceptions noted in the procedures performed.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Results: No exceptions noted in the procedures performed.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions noted in the procedures performed.

10. Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: No exceptions noted in the procedures performed.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No exceptions noted in the procedures performed.

11. Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: Not applicable to entity.

12. Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exception: We did not observe the notice posted on the website; no other exceptions noted.

13. Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedure and discussed the results with management.

14. Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Results: Not applicable to entity.

We were engaged by Sophie B. Wright Charter School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Sophie B. Wright Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



CliftonLarsonAllen LLP

Glendora California
December 23, 2023

SOPHIE B. WRIGHT HIGH SCHOOL

CORRECTIVE ACTION PLAN - June 30, 2023

Audit and Agreed Upon Procedures

Management Response to Financial Statement Findings

2023-001 – Internal Control Relating to General Ledger Account Reconciliations

Management concurs with this finding whose root cause was a personnel shortage caused by an extended leave. Management will strengthen its internal controls around bank account reconciliation and improve segregation of duties in an effort to prevent a repeat occurrence of this finding. Additionally, management is actively recruiting additional finance personnel and considering an external consulting team for support.

2023-002 – Internal Control Relating to Segregation of Duties for Journal Entries

Management Concurs with this finding whose root cause was a personnel shortage caused by an extended leave. An additional level of review will be added to reconcile revenue items to their source documentation in an effort to prevent a repeat occurrence of this finding. Additionally, management is actively recruiting additional finance personnel and considering an external consulting team for support.

SOPHIE B. WRIGHT HIGH SCHOOL

Management Response to Agreed-Upon Procedures Findings

Schedule 2 – Of the 10 classes traced to the October 1, 2022 roll books, 4 did not agree to the classification.

Management concurs with this finding. Management would like to note that one cause is that the roll book was pulled in November 2023. The roll book in EdLink is constantly saved over, so the Oct 1 2022 roll book could have changed from the initial roll book due to students transferring out, graduating, etc.

Schedule 3 – Of the 25 employees sampled, 1 did not agree to experience years reported to the state and 2 did not agree to the education level reported to the state.

Management concurs with this finding and notes this was a user error. SBW will implement additional level of review to try and minimize data errors.

Schedule 4 – Of the 25 employees sampled, compensation paid to 23 of the employees sampled did not agree to the salary and extra compensation reported to the state.

Management acknowledges that the employees' salaries didn't agree but would like to note that in most instances this was due to the annual salary being used in the PEP report for the employees. However, if the employee didn't start on the first day of the school year, their salary is pro-rated and thus would not agree to the annual salary stated in PEP.

SOPHIE B. WRIGHT HIGH SCHOOL

Management Response to SAUP exceptions

SAUP 1.A.ii. - Written Policies & Procedures – Purchasing policy does not include documentation on period for all bids and prices to be maintained.

Management concurs with exception and will update policies and procedures to mitigate exception. However, management would like to note that all projects exceeding \$10,000 receive at least 3 bids before selecting a vendor and beginning the scope of work.

SAUP 1.A.v. - Written Policies & Procedures – Payroll/Personnel policy does not specifically include wording around review and approval for time and attendance records & approval process for employee rates of pay or approval.

Management concurs with the exception and will update policies and procedures to mitigate exception. Management would like to note that while the policy does not specifically state a review and approval process for time, attendance and employee rate changes, the CEO and CFO review and approve the payroll package prior to submission by the HR Director. The payroll package consists of the pre-process register, which contains all employees and their pay rates. The HR Director also includes additional documents with the pre-process register, which includes a PTO report, any support for additional pay for that payroll period and any updates to pay for a specific employee (merit increase, bonus, etc), which is also signed off on by the CEO and CFO.

SAUP 1.A.vi. - Written Policies & Procedures – Contracting policy does not specifically state standard terms and conditions or legal review.

Management concurs with the exception and will update policies and procedures to mitigate exception. Management would like to note that keeps Adams & Reese, LLC. On retainer as our legal representation for any legal review, but will have Adams & Reese review all non-standard contracts prior to approval.

SOPHIE B. WRIGHT HIGH SCHOOL

SAUP 1.A.vii. - Written Policies & Procedures – Credit Card policy does not specifically include allowable business uses and documentation requirements.

Management concurs with the exception and will update policies and procedures to mitigate exception. Management would like to note that SBW only has one credit card under the CEO's name, and that all credit card purchasers must be approved prior to use of card. Monthly, the CFO reviews and approves credit card statement for business use and to ensure all purchases have proper receipt.

SAUP 1.A.ix. - Written Policies & Procedures – Ethics policy does not exist.

Management concurs with the exception and will create Ethics policy to mitigate exception. Management would like to note that although an ethic policy was not in place, all employees at SBW must complete an annual ethics training course to be in good standing. All employees for the 2022-23 SY did complete the required ethics training.

SAUP 2.A.i. – Board – Board Meetings occurred quarterly, not monthly (required by bylaws).

Management concurs with the exception. Management would like to note that quarterly board meetings are used to update board on all school activities and business, including but not limited to finances, student enrollment, FPS score, school achievements, etc. Meetings can occur more frequently if needed. However, Management will look to align bylaws with the updated meeting schedule.

SAUP 3.A.iii. – Bank Reconciliations–Management did not provide documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months.

Management concurs with this finding whose root cause was a personnel shortage caused by an extended leave. Management will strengthen its internal controls around bank account reconciliation and improve segregation of duties in an effort to prevent a repeat occurrence of this finding. Additionally, management is actively recruiting additional finance personnel and considering an external consulting team for support.

SOPHIE B. WRIGHT HIGH SCHOOL

SAUP 6.B.ii. – Credit Cards – Credit card was reviewed and approved by someone other than the card holder, however, we were not provided evidence that supporting documentation including original receipts, were included for review.

Management concurs with exception but would like to note that the CFO reviews every month credit card statement for business use and supporting documentation (receipt) and signs off on statement as evidence of review. For sample testing, SBW provided all applicable receipts for credit card selections.

SAUP 12.B. – Fraud Notice – Fraud Notice was not published on the website.

Management concurs with exception. However, Management would like to note that the Fraud Notice was and is always posted outside of the Finance Office for all students, employees, staff, administration, parents and volunteers to see if they have any fraud concerns. SBW will post fraud notice on website moving forward, in addition to the physical posting outside of the Finance Office.