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December 4, 2000

Honorable M. P. "Pete" Schneider, III
Chairman of House Committee on Retirement
Post Office Box 44486
Baton Rouge, Louisiana 70804-4486

Dear Chairman Schneider:

The House Committee on Retirement requested that my office work with the Orleans Parish School Board (OPSB) and Teachers Retirement System (TRS) in resolving the Employment of Retirees' finding reported in the TRS compliance audit report dated March 12, 2000. The TRS audit report stated that the OPSB failed to comply with all provisions of the teacher shortage law in hiring retirees for the fiscal years ending 1997 through 1999, and, as a result, the retirees owed the TRS \$329,054.

We reviewed the TRS audit working papers supporting this finding and agreed with its methodology. We tested the TRS calculations for the \$329,054 owed by the retirees and conclude that this amount was computed accurately. We also obtained retirees' National Teacher Examination (NTE) scores from the OPSB to determine if they passed the NTE and whether they should be excluded from the TRS calculations. We reviewed those NTE scores with the Louisiana Department of Education (Division of Teacher Standards, Assessment and Certification) and confirmed that those retirees' scores failed to pass the NTE and the amount owed the TRS should not be reduced.


We discussed the applicable provisions of the teacher shortage law and our procedures with the OPSB and they agreed that the retirees owed the TRS \$329,054. In a letter dated November 1, 2000, (approved by Colonel A. G. Davis, Chief Executive Officer) the OPSB Executive Director of Human Resources stated that they were going to satisfy the outstanding sum of \$329,054. In addition, the letter said that the Human Resources Department would adhere to and enforce the following:

- Develop procedures that will address all of the components of the regulations and requirements outlined in Louisiana Revised Statutes 11:707 and 11:708
- Ensure that all future rehires will adhere to current regulations and this will be documented in the personnel files
- Provide in-service training to appropriate Human Resources Department and Retirement Services staff on the regulations and required documentation

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The respective staffs of the TRS and Orleans Parish School Board were very helpful in providing a resolution to this matter.

Sincerely,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

DGK:GLM:lnl

cc: Colonel A. G. Davis
James P. Hadley, Jr.
Members of the House
Committee on Retirement