

JIMMY D. LONG, SR. LOUISIANA SCHOOL
FOR MATH, SCIENCE, AND THE ARTS

DEPARTMENT OF EDUCATION
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED JUNE 23, 2021

**LOUISIANA LEGISLATIVE AUDITOR
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Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA



Jimmy D. Long, Sr. Louisiana School
for Math, Science, and the Arts

June 2021

Audit Control # 80210014

Introduction

The primary purpose of our procedures at the Jimmy D. Long, Sr. Louisiana School for Math, Science, and the Arts (School) was to evaluate certain controls the School uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. In addition, we determined whether management has taken action to correct the finding reported in the prior report.

Results of Our Procedures

We evaluated the School’s operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of the School’s controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures on selected controls and transactions relating to payroll expenditures; non-payroll expenditures; agency fund expenditures; and purchasing cards.

Follow-up on Prior-report Finding

We reviewed the status of the prior-report finding in the School’s procedural report dated August 21, 2019. We determined that management has resolved the prior-report finding related to Inadequate Controls over Agency Fund.

Current-report Finding

Inadequate Controls over Timekeeping Records

The School lacked adequate controls to ensure that its employees certified and supervisors approved time and attendance records in a timely manner. Lack of adequate controls over payroll increases the risk that fraud and/or errors could occur and not be detected in a timely manner.

The School utilizes electronic timesheets in the Cross-Application Time Sheet (CATS) system. We analyzed time certification reports for the School covering 3,853 timesheets for payroll

periods from July 1, 2019, to February 7, 2021, as of February 28, 2021, and noted the following:

- 190 (5%) timesheets were not certified by the employee as of the test work date.
- 73 (2%) timesheets were certified by the employee between 1 and 41 days (or an average of 11 days) after the scheduled payroll check date.
- 241 (6%) timesheets were not approved by a supervisor as of the test work date.
- 218 (6%) timesheets were approved by the supervisor between 1 and 111 days (or an average of 8 days) after the scheduled payroll check date.

The School's written policies and procedures indicate that employees are to certify their time and attendance records on the Monday following the end of the pay period, and supervisors are to approve the employees' time certifications by the Wednesday following the end of the pay period. The scheduled payroll check date is the Friday following the end of the pay period. Good internal control requires that employee certification of time and attendance records and review and approval by the appropriate supervisor are obtained prior to disbursing payroll.

Management represented that the School's policy does not contain specific deadlines that ensured that employees' time and attendance records were certified by the employee and approved by the employee's supervisor before the employee's paycheck was issued.

Management should clarify its policy to clearly define when employees must certify and supervisors must approve time and attendance records. Management should also establish monitoring procedures to ensure that timesheets are certified and approved prior to the disbursement of payroll. Management concurred with the finding and outlined a plan of corrective action (see Appendix A).

Payroll Expenditures

Salaries, wages, and benefits comprise approximately \$7,497,071 (81%) of the School's fiscal year 2020 expenditures and \$3,294,901 (86%) of the School's fiscal year 2021 expenditures as of December 31, 2020. We obtained an understanding of the School's controls over the time and attendance function and reviewed 18 randomly selected employees' personnel files and payroll detail. In addition, we analyzed 3,853 timesheets for pay periods from July 1, 2019 to February 7, 2021. Based on the results of our procedures, the School had adequate controls in place to ensure employees were paid the amounts authorized and leave was accrued at the appropriate rate. However, as reported in the Current-report Finding section, the School lacked adequate controls over timekeeping records.

Non-Payroll Expenditures

Non-payroll expenditures comprised \$1,743,808 of the School's fiscal year 2020 expenditures and \$524,943 of the School's fiscal year 2021 expenditures as of December 31, 2020. We obtained an understanding of the School's controls over non-payroll expenditures and reviewed 30 randomly selected transactions. Based on the results of our procedures, the School had adequate controls in place to ensure that proper segregation of duties was maintained for each non-payroll purchase and that each transaction was properly approved and was in compliance with applicable procurement laws and regulations.

Agency Fund Expenditures

The School maintains a custodial account ("Agency Fund") that was created to maintain appropriate financial records for the student organizations, extracurricular activities, student initiatives, special project offerings, and other student-centric initiatives. We obtained an understanding of the School's controls over expenditures from the Agency Fund and reviewed 30 randomly selected transactions for the period July 1, 2019, through December 31, 2020. Based on the results of our procedures, the School had adequate controls in place to ensure that each purchase was properly approved in accordance with the school's written policies and procedures and that the purchase was reasonable based on the club/organization that requested the purchase.

Purchasing Cards

The School participates in the State of Louisiana's LaCarte purchasing card program and Corporate Business Account (CBA) program for general office supplies, maintenance and repair expenditures, and travel. These transactions are all included on one monthly statement from the Bank of America. In addition, the School has several Wal-Mart Cards for faculty and staff to make low-dollar purchases. We obtained an understanding of the School's controls over access to and use of these cards.

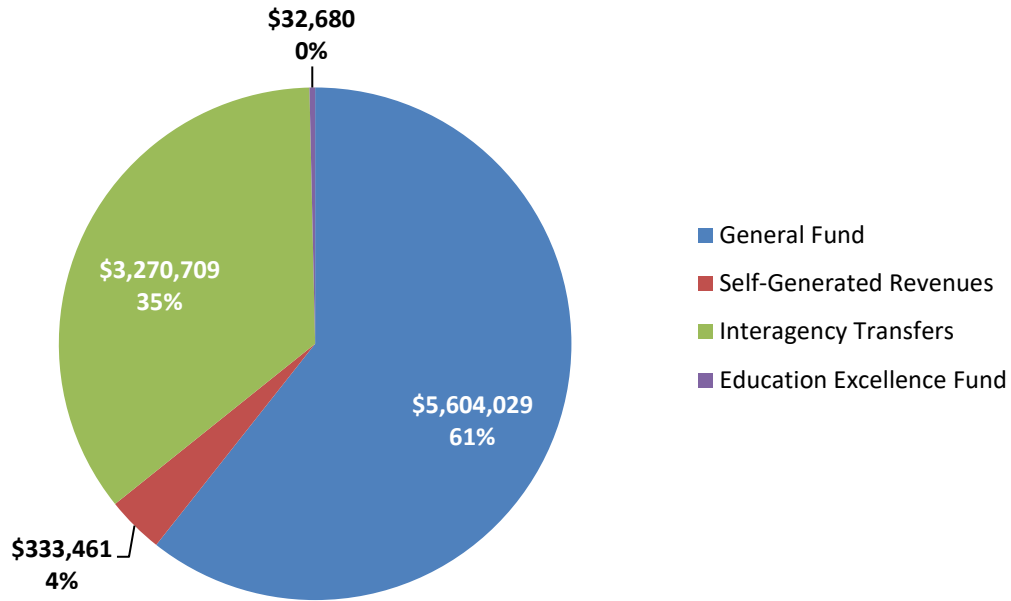
We reviewed four randomly selected monthly statements for Bank of America and Wal-Mart during the period from July 1, 2019, through December 31, 2020. Based on the results of our procedures, the School had adequate controls to ensure that the monthly statements were reviewed, all card transactions on the monthly statements were reconciled to the purchase orders and original receipts, payments rendered for each monthly statement agree to the statement's reconciled balance, and all card transactions are recorded in the appropriate accounting records.

Trend Analysis

We compared the most current and prior-year financial activity using the School's Annual Fiscal Reports and/or system-generated reports and obtained explanations from the School's

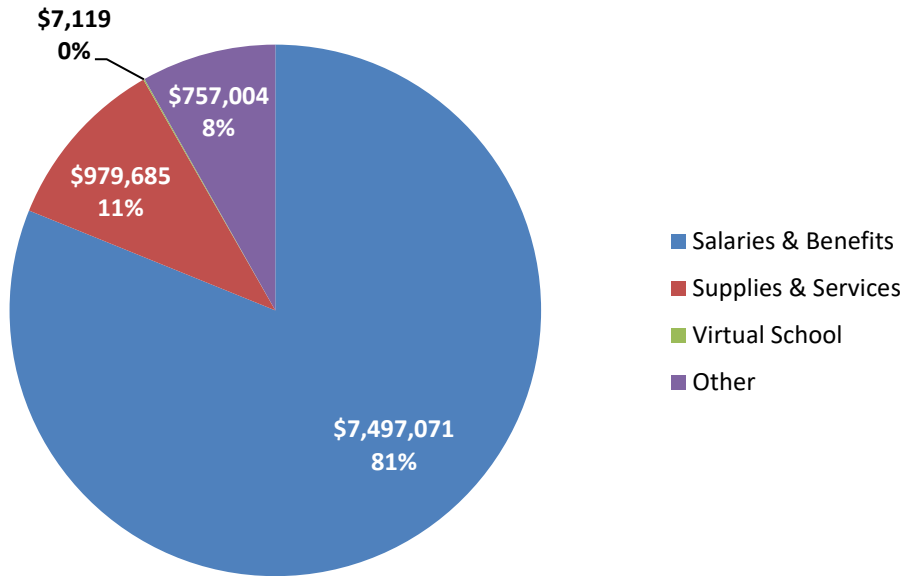
management for any significant variances. We also prepared an analysis of the School’s fiscal year 2020 sources of revenue and fiscal year 2020 expenditures.

Exhibit 1
Fiscal Year 2020 Sources of Revenue
Total - \$9,240,879



Source: Annual Fiscal Report and Integrated Statewide Information System Reports

Exhibit 2
Fiscal Year 2020 Expenditures
Total - \$9,240,879



Source: Annual Fiscal Report and Integrated Statewide Information System Reports

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

Respectfully submitted,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

RAY:RJM:BH:EFS:aa

LSMSA2021

APPENDIX A: MANAGEMENT'S RESPONSE



Louisiana School for Math, Science, and the Arts

above. beyond.

June 7, 2021

Mr. Michael Waguespack, CPA
Legislative Auditor
Office of the Legislative Auditor
Box 94397
Baton Rouge, LA 70804

RE: Audit Finding--Inadequate Control over Timekeeping Records

Dear Mr. Waguespack:

I am writing in response to Ms. Rebecca Marcantel's letter relative to the audit finding referenced above relating to the Louisiana School for Math, Science, and the Arts. The school concurs with this finding. I have outlined our response based on the deficiency noted:

Inadequate Controls over Timekeeping Records

The Jimmy D. Long, Sr. Louisiana School for Math, Science, and the Arts (School) lacked adequate controls to ensure that its employees certified and supervisors approved time and attendance records in a timely manner. Lack of adequate controls over payroll increases the risk that fraud and/or errors could occur and not be detected in a timely manner.

RESPONSE and CORRECTIVE ACTION: *LSMSA concurs with the above finding. It is important to note that a majority of the School's employees do certify their time online in a timely manner; however, there were instances when employees failed to certify or certify timely. LSMSA will amend the current policy and procedure for timekeeping records to allow certifications and approvals to be completed until the respective pay day of each pay period that is established by the Office of State Uniform Payroll. Additionally, the School's Human Resource officer will continue to notify supervisors and employees of the importance of timely certifications. They will audit time certifications and approvals each pay period. Employees' timesheet certifications will be assigned to the employees' direct supervisors, rather than School directors, allowing more individual attention/oversight. Also, all current and future employees will be required to complete professional development on the approval and certification processes required for compliance.*

RESPONSIBLE PARTY: *JOHN ALLEN, CHIEF OF STAFF/DIRECTOR OF ADMINISTRATION*

COMPLETION DATE: *JULY 1, 2021*

I appreciate the professionalism and cooperation your office has shown the school throughout this audit process. Should you require any additional information, please do not hesitate to contact me.

Sincerely,

Steven G. Horton, PhD.
Executive Director

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Jimmy D. Long, Sr. Louisiana School for Math, Science, and the Arts (School) for the period from July 1, 2019, through June 17, 2021. Our objective was to evaluate certain controls the School uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of our procedures, which is summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review the School's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The School's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated the School's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to the School.
- Based on the documentation of the School's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures on selected controls and transactions relating to payroll expenditures; non-payroll expenditures; agency fund expenditures; and purchasing cards.
- We compared the most current and prior-year financial activity using the School's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from the School's management for any significant variances that could potentially indicate areas of risk.

The purpose of this report is solely to describe the scope of our work at the School, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purpose.