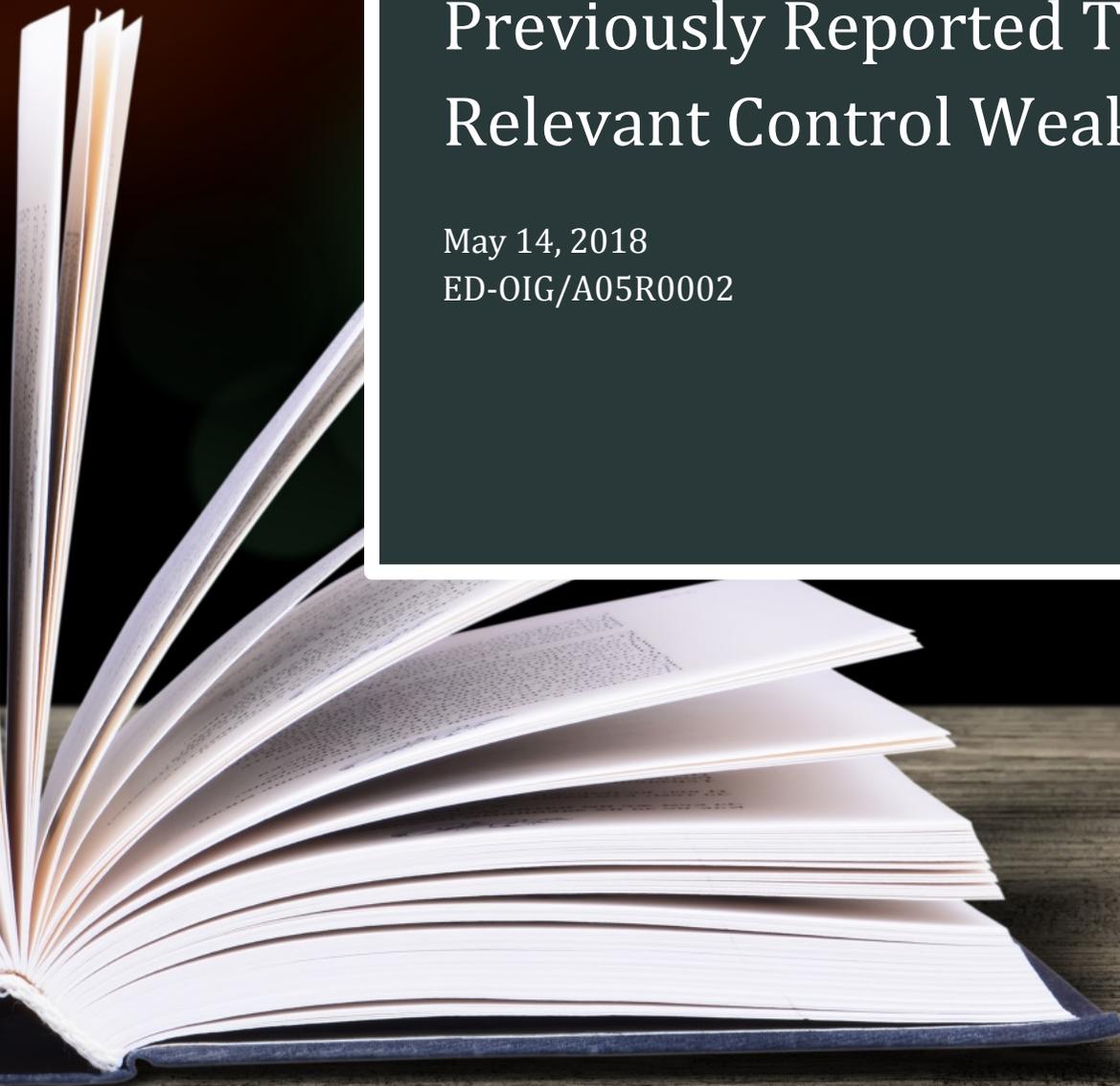




U.S. Department of Education
Office of Inspector General

Orleans Parish School Board: Status of Corrective Actions on Previously Reported Title I- Relevant Control Weaknesses

May 14, 2018
ED-OIG/A05R0002



NOTICE

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. The appropriate U.S. Department of Education officials will determine what corrective actions should be taken.

In accordance with Freedom of Information Act (Title 5, United States Code, Section 552), reports that the Office of Inspector General issues are available to members of the press and general public to the extent information they contain is not subject to exemptions in the Act.



**UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL**

Audit Services

May 14, 2018

John White
Louisiana State Superintendent of Education
Louisiana Department of Education
1201 North Third Street
Baton Rouge, LA 70802

Dear Mr. White:

Enclosed is our final audit report, "Orleans Parish School Board: Status of Corrective Actions on Previously Reported Title I-Relevant Control Weaknesses," Control Number ED-OIG/A05R0002. This report incorporates the comments you provided in response to the draft report. If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following official, who will consider them before taking final Departmental action on this audit:

Jason Botel
Principal Deputy Assistant Secretary,
Delegated the Authority to Perform the Functions
and Duties of the Assistant Secretary,
Office of Elementary and Secondary Education
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, DC 20202

The U.S. Department of Education's policy is to expedite audit resolution by timely acting on findings and recommendations. Therefore, if you have additional comments, Department officials would appreciate receiving them within 30 days.

Sincerely,

/s/

Gary D. Whitman
Regional Inspector General for Audit, Chicago/Kansas City Audit Region

Enclosure

FINAL REPORT

Table of Contents

Results in Brief	1
Introduction	3
Finding 1. Orleans Parish’s Policies and Procedures Likely to Minimize the Risk of Previously Reported Audit Findings Reoccurring	7
Finding 2. Orleans Parish Did Not Verify That Title I Services for Students Attending Nonpublic Schools Were Delivered	9
Other Matter. Transition of Oversight Responsibilities in Orleans Parish.....	12
Appendix A. Scope and Methodology.....	13
Appendix B. Acronyms and Abbreviations.....	17
Louisiana Comments.....	18

FINAL REPORT

Results in Brief

What We Did

The objective of our audit was to determine whether Orleans Parish School Board (Orleans Parish) had taken actions that provide reasonable assurance that previously reported audit findings will not reoccur. We limited our audit to evaluating actions taken in response to findings and recommendations relevant to Title I, Part A, of the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act (Title I), that were disclosed in reports on audits of Orleans Parish that were issued from February 16, 2005, through June 30, 2016. The most significant previously reported findings were inadequately documented personnel and nonpersonnel expenditures and insufficient internal control over accounting for and using Federal funds and payroll (see [Table 1](#)).¹ We evaluated the status of the actions that Orleans Parish had taken as of March 2017, as well as policies that it updated as of September 2017.

What We Found

Other than the deficiency described in [Finding 2](#), nothing came to our attention indicating that Orleans Parish did not design and implement policies and procedures that are likely to provide reasonable assurance that previously reported, Title I-relevant findings would not reoccur. Orleans Parish implemented a new financial management system, developed a grants management policy requiring adequately documented personnel and nonpersonnel expenditures, and revised its policies and procedures for purchasing and contracting, using district-held credit cards, and limiting user access to the financial management system (see [Finding 1](#)).

However, Orleans Parish did not design and implement procedures that provided reasonable assurance that expenditures for services provided to nonpublic school students and charged to Title I funds were allowable. Specifically, Orleans Parish did not verify that educational services providers delivered the Title I services to nonpublic school students as asserted on invoices and supporting documentation. In fiscal year 2017 (July 1 through June 30), contracts with these educational services providers accounted for 26 percent (\$3.7 million) of Orleans Parish's \$14.1 million Title I allocation.

¹ We did not assess Orleans Parish's compliance with any other Federal requirements.

FINAL REPORT

What We Recommend

We recommend that the Assistant Secretary for Elementary and Secondary Education of the U.S. Department of Education (Department) require that the Louisiana Department of Education (Louisiana) direct Orleans Parish to develop and implement policies and procedures sufficient to verify that Title I services are delivered to nonpublic school students as asserted by vendors on their invoices and supporting documentation.

Louisiana Comments

In its comments on the draft of this report, Louisiana agreed with the findings and recommendations. For Finding 1, Louisiana stated that it would continue to provide Orleans Parish with support and technical assistance as needed. For Finding 2, Louisiana stated that it would work with Orleans Parish to develop and implement training on subrecipient monitoring and to modify Orleans Parish's subrecipient monitoring procedures. The full text of Louisiana's response is included at the end of this report (see [Louisiana Comments](#)).

FINAL REPORT

Introduction

Background

Title I Program

The Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act, authorizes the Title I program. The purpose of the Title I program is to provide all children the opportunity to receive a fair, equitable, and high-quality education and to close educational achievement gaps. Title I authorizes the Department to provide grants to local educational agencies through State educational agencies. Title I is the largest Federal grant program for elementary and secondary education, providing more than \$14.4 billion annually to supplement State and local education funding.

The Orleans Parish School Board

In 2003, the Louisiana State legislature created the Recovery School District to manage chronically low-performing Louisiana schools. As of August 2005, Orleans Parish consisted of 126 schools located in New Orleans, Louisiana. In November 2005, the Louisiana State legislature transferred control of 108 of these 126 schools from Orleans Parish to the Recovery School District (Louisiana Act 35). For fiscal year 2017, Orleans Parish was allocated about \$14.1 million in Title I funds and had oversight of 31 schools—6 schools that Orleans Parish directly operated and 25 charter schools for which Orleans Parish acted as the local educational agency. More than 18,000 students attended the 31 schools.

In addition to the directly operated schools and the charter schools for which it acted as the local educational agency, Orleans Parish was responsible for providing Title I services to Orleans Parish and Jefferson Parish students attending nonpublic schools in the New Orleans area. According to the Orleans Parish Title I Special Program Coordinator, during fiscal year 2017, about 65 nonpublic schools operated within Orleans Parish and Jefferson Parish. During that same period, Orleans Parish provided more than 3,800 students attending these nonpublic schools with Title I services through educational services providers.

Previously Reported Findings and Corrective Actions

Office of Inspector General Audit

In February 2005, the Office of Inspector General (OIG) issued a report on its audit of Orleans Parish's use of Title I funds from July 1, 2001, through December 31, 2003. The OIG reported that Orleans Parish did not adequately document the use of almost

FINAL REPORT

\$69.3 million in Title I funds. Specifically, Orleans Parish did not adequately document expenditures for payroll, contract services, travel, supplies, and equipment. In addition, Orleans Parish did not follow competitive bidding procedures or have adequate control over its accounting system.

On September 22, 2010, the Department issued a letter stating that Orleans Parish had taken steps to address the findings and recommendations reported by the OIG. The Department stated that Orleans Parish

- provided documentation sufficient to support all but about \$470,000 of the \$69.3 million in inadequately documented expenditures and
- contracted with a consultant specializing in financial and operational performance to monitor Orleans Parish's fiscal operations and help Orleans Parish finalize implementation of a new financial management system.²

The Department stated that it disagreed with the OIG's conclusion that Orleans Parish did not follow competitive bidding procedures, instead concluding that Orleans Parish complied with Louisiana and Federal procurement regulations. The Department did not require Orleans Parish to take any further corrective action.

Effective January 1, 2012, Louisiana removed the high-risk designation it had placed on Orleans Parish (effective July 1, 2004). Louisiana based its decision on Orleans Parish's financial management systems allowing Orleans Parish to provide Louisiana with accurate and complete expenditure documentation, including documentation for charter schools, and Orleans Parish eliminating ineligible claims for reimbursement from June 2008 through December 2011.

Single Audit Report Findings

Reports on single audits for fiscal years 2008, 2009, and 2013 disclosed findings relevant to the Title I program administered by Orleans Parish.³ The findings included inadequately documented personnel expenditures, inadequately documented nonpersonnel expenditures, and insufficient internal control over payroll.

² Although the Department sustained the \$470,000, it could not seek recovery of these funds because of the statute of limitations.

³ Effective December 2014, a recipient that spends \$750,000 or more in Federal awards during its fiscal year is required to have a single or program-specific audit conducted for that fiscal year (Title 2, Code of Federal Regulations, § 200.501). Before December 2014, the threshold for a single or program-specific audit was \$500,000.

FINAL REPORT

Recommended Corrective Actions

According to Title 2, Code of Federal Regulations (C.F.R.), § 200.511, recipients of Federal awards must take corrective action on all reported audit findings.⁴ Table 1 summarizes the Title I-relevant findings reported in the 2005 OIG audit report and the 2008, 2009, and 2013 single audit reports and the associated corrective actions that Orleans Parish was supposed to complete.

Table 1. Audit Report Findings and Corrective Actions

Finding	Recommended Corrective Actions (Report Source)
Inadequately documented personnel expenditures	<ul style="list-style-type: none"> • Provide sufficient documentation to support payroll and benefit expenditures or refund the questioned amounts to the Department; develop or improve documentation, records storage, and records retention and retrieval procedures to ensure adequate cost documentation is available; and establish a formal system of management controls to ensure Title I expenditures are supported and used in compliance with applicable laws and regulations (OIG: 2005). • Perform a review of all personnel files to ensure that all required documentation is properly maintained in each employee’s file (single audit: 2009).
Inadequately documented nonpersonnel expenditures	<ul style="list-style-type: none"> • Provide sufficient documentation to support nonpersonnel Title I expenditures or refund the questioned amounts to the Department and provide justification for sole-source procurement or not allow future lease payments for mathematics workstations (OIG: 2005). • Ensure sufficient documentation is obtained to support credit card charges before payment and limit the use of credit cards to expenditures approved by appropriate management levels (single audit: 2013).
Inadequate internal control	<ul style="list-style-type: none"> • Provide sufficient documentation to support questioned expenditures or refund that amount to the Department and establish adequate controls in its accounting system to ensure expenditures charged to the Title I program and other Federal grants are properly accounted for and used in accordance with applicable laws and regulations (OIG: 2005). • Configure the information technology system to limit or prohibit personnel in the payroll department from having the ability to change employees’ pay rates (single audit: 2008).

Assessment of Orleans Parish’s Control over Purchasing and Payroll Processing

After his hiring on March 18, 2015, the superintendent for Orleans Parish asked the Louisiana Legislative Auditor to assess two areas of Orleans Parish’s operations:

⁴ All regulatory citations are to the 2016 volumes.

FINAL REPORT

purchasing and payroll processing.⁵ In the August 2015 report on its assessment, the Louisiana Legislative Auditor provided Orleans Parish with recommendations for improving its purchasing and payroll processing. The auditor suggested, and Orleans Parish's superintendent agreed to take, the following actions:

- ensure employee access is appropriate by reviewing employee computer access rights,
- oversee and review changes to master vendor files and require the purchasing director to review and document authorization of any changes,
- oversee and review contract deliverables before payment to ensure that goods and services received are in accordance with the contract conditions before issuing payment,
- ensure segregation of duties in the payroll and accounts payable area so that proper controls are maintained in the event that one of the two employees working in those areas is not available to perform his or her assigned duties, and
- implement checks and balances for payroll system information and payroll documentation.

The Louisiana Legislative Auditor also suggested that Orleans Parish consider creating an internal audit function. Orleans Parish's superintendent stated that Orleans Parish would consider an internal audit function but would have to consider budget constraints. As of May 2017, Orleans Parish had not created an internal audit function.

⁵ The assessment did not include a review of the use of Federal funds.

FINAL REPORT

Finding 1. Orleans Parish's Policies and Procedures Likely to Minimize the Risk of Previously Reported Audit Findings Reoccurring

We evaluated the status of the actions that Orleans Parish implemented as of March 2017, as well as policies that it updated as of September 2017. Other than the deficiency described in Finding 2, nothing came to our attention indicating that Orleans Parish did not implement the policies and procedures that it designed to provide reasonable assurance that previously reported, Title I-relevant findings would not reoccur. Orleans Parish implemented a new financial management system that provided for accurate and complete recording and reporting of Title I expenditures. It also developed a grants management policy requiring directly operated and charter schools to retain adequate supporting documentation for all Title I expenditures and to regularly discuss and review planned and current Title I spending with officials from Orleans Parish's Federal programs office. Additionally, Orleans Parish revised its

- policies and procedures for requesting approval to purchase and receiving goods and services,
- processes for authorizing and approving contracts,⁶
- procedures for reviewing time and effort reports,
- policies and procedures for using district-held credit cards, and
- procedures for limiting user access to the financial management system.

We found these revised grants management policies and procedures to be well designed, logical, and understandable. Additionally, we reviewed documentation for 22 nonpersonnel expenditures that Orleans Parish charged to Title I funds from September 1, 2016, through March 31, 2017,⁷ and documentation for personnel expenditures for 22 Orleans Parish and charter schools employees whose salaries and benefits were charged, at least in part, to Title I funds from September 1, 2016, through March 31, 2017.⁸ We found the documentation for all the expenditures sufficient to

⁶ These processes included more stringent requirements for high-value contracts.

⁷ Randomly and judgmentally selected from a universe of 280 nonpersonnel expenditures that Orleans Parish charged to Title I funds.

⁸ Randomly and judgmentally selected from a universe of 367 Orleans Parish and charter schools employees.

FINAL REPORT

show the expenditures were allowable and adequately documented. The documentation also showed that Orleans Parish

- followed its policy requiring a description of the need for using one of the district's two credit cards and an estimate of the costs to be charged before approval by a department head,
- obtained prior approvals for purchases and contracts,
- properly completed and approved time and effort reports, and
- properly recorded expenditures in its financial management system.

Because we did not identify any weaknesses or deficiencies in the design of these revised grants management policies and procedures, and because our tests of a limited number of expenditures and observations indicated that Orleans Parish implemented the policies and procedures as designed, we are not making any recommendations relevant to them.

Louisiana Comments

Louisiana agreed with the finding and stated that it will continue to provide support and technical assistance to Orleans Parish (see [Louisiana Comments](#)).

FINAL REPORT

Finding 2. Orleans Parish Did Not Verify That Title I Services for Students Attending Nonpublic Schools Were Delivered

Orleans Parish paid the amounts as billed on educational services providers invoices for delivery of Title I services to nonpublic school students without verifying that the services were delivered as asserted by the providers. We reviewed 12 (7 percent) of 162 nonpersonnel expenditures that Orleans Parish’s direct-run schools or central administration incurred and that Orleans Parish charged to Title I funds from September 1, 2016, through March 20, 2017.⁹ Three expenditures totaling \$387,822 were payments to two educational services providers contracted to provide Title I services to nonpublic school students.¹⁰

At the beginning of each school year, Orleans Parish consulted with nonpublic school officials to determine what Title I services (for example, reading and math tutoring, test preparation, and counseling) nonpublic school students would need. Orleans Parish compiled a list of needed services and contracted with educational services providers to provide those services. The educational services providers were to provide the Title I services in accordance with the terms of the contracts and then submit invoices and corresponding documentation to Orleans Parish.¹¹ The required documentation consisted of a list of the students served during the previous month, personally identifiable information about each student, the types of services that the provider asserted were delivered to each student, the start and end dates of the services, the name of the teacher delivering the services, the number of sessions the student attended, and the total number of minutes during which services were provided.

“Orleans Parish School Board Grants Management Guide” (March 2017) did not describe any procedures for ensuring that educational services providers complied with the terms of their contracts. However, Orleans Parish informed us that it required employees to monitor the providers’ compliance with the terms of their contracts and the delivery of services and provided examples of documentation from one of the semiannual visits during which Orleans Parish employees observed delivery of services.

⁹ These 12 expenditures accounted for \$422,735 (about 14 percent) of the \$3,069,975 that Orleans Parish charged to Title I funds during the period.

¹⁰ For fiscal year 2017, contracts with educational services providers accounted for 26 percent (\$3.7 million) of Orleans Parish’s \$14.1 million Title I allocation.

¹¹ According to the terms of the contracts, Orleans Parish paid educational services providers a set amount based on the type and amount of services provided to each student.

FINAL REPORT

Orleans Parish also provided documentation showing that employees held bimonthly consultation meetings with representatives of the nonpublic schools and educational services providers. Additionally, Orleans Parish provided us with summaries showing the results of educational services providers' annual program evaluations of the services provided. These summaries contained surveys of nonpublic school administrators and teachers and parents of the students receiving Title I services (about the services provided by the providers).

We found nothing to indicate that Title I services were not provided, and the procedures described provided Orleans Parish officials with some assurance that educational services providers complied with the terms of their contracts and delivered the required services. However, as written or described, Orleans Parish's procedures were not sufficient to verify that the providers delivered the Title I services described in the supporting documentation that they submitted with their invoices. Orleans Parish did not require employees to compare the documentation provided by the contractors with documentation describing the services provided on the days that Orleans Parish employees visited the nonpublic schools. Orleans Parish officials also did not require employees to verify with nonpublic school administrators that the students shown on the lists accompanying the invoices were in attendance on the days when the educational services providers asserted services were delivered. Additionally, Orleans Parish did not require nonpublic school administrators to provide positive affirmation that the lists of students served and the Title I services described in the providers' supporting documentation were valid.

According to 2 C.F.R. § 200.303, entities receiving Federal awards must establish and maintain effective internal control that provides reasonable assurance the Federal award is being managed in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. In March 2014, the Department sent all State and local educational agencies a letter discussing findings described in an October 2013 OIG report. The letter stated that the OIG's findings disclosed weaknesses in local educational agencies' monitoring procedures that increased the risk of misuse of funds intended to be used for Title I tutoring programs. In the letter, the Department suggested improvements in the monitoring of programs involving services provided by third parties. According to the letter, implementing the suggestions would mitigate the potential misuse of Federal education funds.

After we discussed this potential control weakness with Orleans Parish officials in August 2017, Orleans Parish provided us with updated policies and procedures, effective September 2017, for monitoring educational services providers. These policies and procedures required Orleans Parish employees to complete a checklist to document contacts with nonpublic school administrators and required nonpublic school

FINAL REPORT

administrators to complete semiannual evaluations of educational services providers. The revised policies and procedures also required Orleans Parish employees to follow up with the educational services providers based on the nonpublic school administrators' evaluations. However, the updated procedures lack steps specific to verifying that Title I services for students attending nonpublic schools are being delivered as asserted on invoices and supporting documentation submitted to Orleans Parish.

Recommendations

We recommend that the Assistant Secretary for Elementary and Secondary Education require that Louisiana—

2.1 Direct Orleans Parish to develop policies and procedures for verifying that Title I services for nonpublic school students are delivered as asserted by vendors on their invoices and supporting documentation.

2.2 Ensure that Orleans Parish implements procedures sufficient to verify that Title I services for nonpublic school students are delivered as asserted by vendors on their invoices and supporting documentation.

Louisiana Comments

Louisiana agreed with the finding and recommendations. Louisiana stated that it would work with Orleans Parish to develop and implement training on the requirements for subrecipient monitoring and to modify subrecipient monitoring procedures (see [Louisiana Comments](#)).

FINAL REPORT

Other Matter. Transition of Oversight Responsibilities in Orleans Parish

On May 11, 2016, the Louisiana State legislature passed Louisiana Act 91. As a result, all schools in New Orleans that had been transferred to the Recovery School District will be returned to Orleans Parish. This transition is to be completed by July 1, 2018.

As the transition progresses, the administration of schools in Orleans Parish will be changing. Each returning charter school, each charter school for which Orleans Parish currently serves as the local education agency, and each new charter school will have the choice of becoming its own local educational agency or having Orleans Parish serve as its local educational agency. For each charter school that chooses to be its own local educational agency, Federal funds will flow directly from Louisiana to the school, and Louisiana, not Orleans Parish, will have oversight responsibility. Because of the uncertainty in the scope of oversight responsibilities under the new structure, we suggest that the Assistant Secretary for Elementary and Secondary Education provide technical assistance, as needed, during the transition.

FINAL REPORT

Appendix A. Scope and Methodology

We assessed the status of actions that Orleans Parish was required to take to remedy the Title I-relevant findings disclosed in reports on audits of Orleans Parish issued from February 16, 2005, through June 30, 2016. We also gathered information on Title I-relevant corrective actions Orleans Parish took in response to suggestions from the Louisiana Legislative Auditor in a report issued in August 2015. We did not assess Orleans Parish's compliance with any other Federal requirements. We evaluated the status of the actions as of March 2017, as well as policies that Orleans Parish updated as of September 2017.

We identified the actions that Orleans Parish was required to take by obtaining and reviewing (1) the 2005 OIG audit report on Orleans Parish's use of Title I funds; (2) reports on single audits for fiscal year 2006 through fiscal year 2016; (3) the September 22, 2010, program determination letter describing the actions that the Department required Orleans Parish to take to resolve the 2005 OIG audit report; (4) the August 2015 report on the Louisiana Legislative Auditor's assessment of Orleans Parish's purchasing and payroll processing; and (5) information about the status of actions as of May 2017 taken to address the Louisiana Legislative Auditor's suggestions.

We learned about the actions that Orleans Parish implemented by interviewing officials from the Department, Louisiana, Louisiana Legislative Auditor, and Orleans Parish and reviewing the written policies and procedures that Orleans Parish designed to remedy previously identified control weaknesses. To gain an understanding of the law, regulations, and policies that were relevant to the actions Orleans Parish took, we reviewed the following:

- Title I, Part A of the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act;
- 2 C.F.R. Part 200;
- 34 C.F.R. Part 76;
- Office of Management and Budget Circular No. A-133 ("Audits of States, Local Governments, and Non-Profit Organizations");
- Orleans Parish School Board Grants Management Guide (2015–2016);
- Orleans Parish Purchasing Handbook (January 10, 2017);
- Louisiana Administrative Code, Title 28, Education, Part CXXXIX, Bulletin 126-Charter Schools (February 2017);
- Louisiana Act 35 (effective November 30, 2005); and

FINAL REPORT

- Louisiana Act 91 (effective May 12, 2016).

To confirm that Orleans Parish implemented the policies and procedures that it designed and that the policies and procedures were functioning as Orleans Parish officials intended, we randomly and judgmentally selected samples of personnel and nonpersonnel expenditures and reviewed documentation retained by Orleans Parish to support those expenditures (see [Sampling Methodology](#)). We reviewed (1) personnel files, time sheets, semiannual certifications, personnel activity reports, State teacher retirement contribution rates, and health insurance rates supporting personnel expenditures and (2) requisition requests, purchase orders, receiving reports, and invoices supporting nonpersonnel expenditures.

Sampling Methodology

We randomly and judgmentally selected samples of expenditures that Orleans Parish charged to Title I funds from September 1, 2016, through March 31, 2017, and were reimbursed by Louisiana. Because we did not statistically select the samples and because our samples were small, our results might not be representative of the universes and, therefore, cannot be projected to the universes.

Personnel Expenditures Charged to the Title I Program

We selected two samples of personnel expenditures. We randomly selected 10 of 243 employees whose salaries and benefits were charged, at least in part, to Title I funds. For each of these employees, we judgmentally selected the latest biweekly pay period for which Orleans Parish was reimbursed by Louisiana from September 1, 2016, through March 20, 2017. We also judgmentally selected 1 additional pay period for 2 of the 10 employees because the payment amounts included more than two decimal points, which was not consistent with the payment amounts for other employees. The salaries and benefits for the 12 pay periods accounted for \$17,309 of the \$3,459,562 in salaries and benefits Orleans Parish charged to Title I funds and for which Orleans Parish was reimbursed by Louisiana from September 1, 2016, through March 20, 2017.

We also selected 12 (10 randomly and 2 judgmentally) of 124 charter school employees whose salaries and benefits were charged, at least in part, to Title I funds. We judgmentally selected the two employees because the employees had payment amounts that included more than two decimal points, which was not consistent with the payment amounts for other employees. For each of these employees, we judgmentally selected the latest pay period for which Orleans Parish was reimbursed by Louisiana. The salaries and benefits for those 12 pay periods accounted for \$35,827 of the \$1,403,239 in salaries and benefits incurred by charter schools and for which the charter

FINAL REPORT

schools were reimbursed by Louisiana through Orleans Parish from November 4, 2016, through March 31, 2017.

Nonpersonnel Expenditures Charged to the Title I Program

We selected two samples of nonpersonnel expenditures. We selected 12 (10 randomly and 2 judgmentally) of the 162 nonpersonnel expenditures incurred by Orleans Parish central administration and direct-run schools and charged to Title I funds from September 1, 2016, through March 20, 2017. We judgmentally selected the two expenditures because our random selection included only one payment (for \$2,518) to an educational services provider. (Payments to educational services providers accounted for 90 percent (\$2,749,519) of the nonpersonnel expenditures that Orleans Parish charged to Title I funds and for which Orleans Parish was reimbursed by Louisiana from September 1, 2016, through March 20, 2017.) The 12 nonpersonnel expenditures for travel to a conference, educational services, educational software, and office supplies accounted for about 14 percent (\$422,735) of the \$3,069,975 in nonpersonnel expenditures that Orleans Parish charged to Title I funds and for which Orleans Parish was reimbursed by Louisiana from September 1, 2016, through March 20, 2017.

We also randomly selected 10 of the 118 nonpersonnel expenditures incurred by charter schools and charged to Title I funds by Orleans Parish. These 10 nonpersonnel expenditures for educational software, educational supplies, transportation, and computers accounted for \$16,248 (3 percent) of the \$524,294 in nonpersonnel expenditures incurred by charter schools and for which the charter schools were reimbursed by Louisiana through Orleans Parish from September 1, 2016, through March 20, 2017.

Reliability of Computer-Processed Data

To achieve our objective, we relied, in part, on expenditure data that Orleans Parish provided. We assessed the reliability of the expenditure data by looking for duplicate reimbursement requests, missing data, values outside a designated range, or values outside valid timeframes. We also compared the data to documentation, such as payroll records, purchase orders, invoices, and payee detail reports showing the disbursement dates and amounts of Title I funds that Orleans Parish received from Louisiana. Based on these analyses and comparisons, we concluded that the Orleans Parish-provided computer-processed expenditure data were sufficiently reliable for the purpose of our audit.

FINAL REPORT

Compliance with Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We conducted this audit at Orleans Parish's offices in New Orleans, Louisiana, and our offices. We discussed the results of our audit with officials from Louisiana on January 18, 2018, and Orleans Parish on January 26, 2018.

FINAL REPORT

Appendix B. Acronyms and Abbreviations

C.F.R.	Code of Federal Regulations
Department	U.S. Department of Education
Louisiana	Louisiana Department of Education
Orleans Parish	Orleans Parish School Board
OIG	Office of Inspector General
Title I	Title I, Part A, of the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act

FINAL REPORT

Louisiana Comments



LOUISIANA DEPARTMENT OF EDUCATION

April 11, 2018

Mr. Gary Whitman
Regional Inspector General for Audit
Chicago/Kansas City Audit Region
Office of Inspector General
United States Department of Education
500 W. Madison St., Suite 1414

Dear Mr. Whitman:

This letter is in reference to the draft audit report, **“Orleans Parish School Board: Status of Corrective Actions on Previously Reported Title I-Relevant Control weaknesses” (Control Number Ed-OIG/A05R0002)**. The LDOE has reviewed the report and has the following responses:

Finding 1. Orleans Parish’s policies and procedures likely to minimize the Risk of previously reported audit findings reoccurring.

The LDOE agrees with this finding and commends Orleans Parish School Board for the hard work and dedication it has taken to overcome the multiple findings identified in the original audit many years ago. The LDOE has witnessed that Orleans Parish has taken seriously the responsibility for properly managing federal grants. This attitude has been evidenced by a multipronged approach to correcting the original deficiencies including: implementing a new financial management system, revised policies and procedures that are designed to provide reasonable assurance that previously reported findings would not reoccur, and specific grants management policies that strengthen the internal controls over federal grants. The LDOE will continue to provide support and technical assistance as needed to Orleans Parish.

Finding 2. Orleans Parish did not verify that Title 1 services for students attending nonpublic schools were delivered.

The LDOE agrees with this finding. The LDOE reviewed the current policies and procedures of Orleans Parish and found that although OPSB has some procedures in place to address internal controls regarding subrecipient monitoring, these procedures are absent of specific steps that would verify services for students attending nonpublic schools are being delivered. As a result, the LDOE will work with Orleans Parish to develop and implement the following corrective action plan:

Louisiana Believes

POST OFFICE BOX 94064 | BATON ROUGE, LA 70804-9064 | 1.877.453.2721 | WWW.LOUISIANABELIEVES.COM

U.S. Department of Education
Office of Inspector General
ED-OIG/A05R0002

FINAL REPORT



LOUISIANA DEPARTMENT OF EDUCATION

- Receive training on subrecipient monitoring to better understand the requirements to monitor its subrecipients as identified in CFR 200.330 and 200.331.
- Modify its current monitoring procedures to align more closely with the components of CFR 200.330 and 200.331 on subrecipient monitoring.

If you have any questions regarding this matter, please do not hesitate to contact Beth Scioneaux with the LDOE Finance Office at (225) 342-3617 or via email at beth.scioneaux@la.gov.

Sincerely,

/s/

John White
State Superintendent of Education

cc: Catherine Pozniak
Bernell Cook

Louisiana Believes

POST OFFICE BOX 94064 | BATON ROUGE, LA 70804-9064 | 1.877.453.2721 | WWW.LOUISIANABELIEVES.COM

U.S. Department of Education
Office of Inspector General
ED-OIG/A05R0002