

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

To the Board of Directors
**James M. Singleton Charter School,
Sponsor Organization
Dryades Young Men's Christian Association**

In planning and performing our audit of the financial statements of **James M. Singleton Charter School (JMSCS), Sponsor Organization Dryades Young Men's Christian Association** as of and for the year ended June 30, 2021, we considered JMSCS's internal control over financial reporting as a basis for determining our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of JMSCS's internal control. Accordingly, we do not express an opinion on the effectiveness of JMSCS's internal control.

However, during our audit, we became aware of other matters that provide an opportunity for JMSCS to strengthen its internal control and operating efficiency. Also, we reviewed the status of prior year's other matters noting their respective current status. We previously reported on JMSCS's internal control in our report dated March 31, 2022. This letter does not affect our report dated March 31, 2022, on the financial statements of JMSCS.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2021***

Reference Number

OM 2021-001

Criteria

Management of JMSCS is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Condition

Our review of internal control attributes over the revenue cycle revealed three (3) instances of ten (10) check deposits tested where funds were untimely deposited outside of the three (3) days requirement.

Cause

The level of oversight afforded to staff.

Effect or Potential Effect

Noncompliance with established board policy.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2021***

Reference Number, Continued

OM 2021-001

Recommendation

Management should continue to revisit and enhance the level of oversight to ensure compliance with Board approved policy regarding the timely deposit of funds collected.

Management Response and Planned Corrective Action

Management will enhance its oversight to ensure the timely deposits of all check collections in the future.

DRAFT

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2021***

Reference Number

OM 2021-002

Criteria

Management is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events.

Condition

For a sample of twenty-five (25) JMSCS's personnel files tested for internal control attributes, we noted the following conditions:

- o In one (1) instance, we noted a variance in the recomputed gross payroll of \$9 per pay date (using the executed contract) versus amounts reflected on the payroll register and paid.
- o In two (2) instances, JMSCS's payroll service provider was unable to provide documented evidence for required tax and immigration forms (W-4, L-4, and I-9).

Cause

Lack of adequate oversight over the payroll processing.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2021***

Reference Number, Continued

OM 2021-002

Effect or Potential Effect

Potential for incorrect payments of payroll amounts.

Recommendation

Management should revisit with its oversight level involving its payroll processes.

Management's Response and Planned Corrective Action

Management will continue to provide the necessary oversight to the payroll service provider to ensure completeness and retention of all required documents

DRAFT

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2021***

Reference Number
OM 2021-003

Criteria

Management of JMSCS is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Condition

In all twenty-five (25) journal entries tested, we noted no documented evidence to support approval beyond the level of supervisor.

Further in an instance, we noted where the supporting documentation provided to support a recorded journal entry, revealed a variance of \$675.

Cause

Inadequate oversight over monthly processing of financial statements and events.

Effect or Potential Effect

Potential for misappropriation of assets.

Recommendation

Management should implement a procedure requiring supervisory review and documented approval of all journal entries prior to posting.

Management's Response and Planned Corrective Action

Management has hired a new fee accountant and will ensure compliance with the referenced procedure.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2021***

Reference Number

OM 2021-004

Criteria

Management of JMSCS is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Condition

Our review of internal control attributes over the expense cycle revealed the following conditions:

- o In four (4) instances of forty (40) transactions tested, management was unable to locate the associated supporting documentation.
- o In two (2) instances, we noted where JMSCS's banker processed checks requiring two authorized signatures with only one.

Cause

The level of oversight afforded to staff.

Effect or Potential Effect

Noncompliance with established board policy.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2021***

Reference Number, Continued

OM 2021-004

Recommendation

Management should continue to revisit and enhance the level of oversight with its monthly general ledger processing system, plan and require that all monthly transactions are complete. Further, all check payments should be reviewed for the required dual signatures prior to payment.

Management's Response and Planned Correction Action

Management will enhance oversight over authorized dual check signing requirements in compliance with Board policy.

DRAFT

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number

OM 2020-001

Criteria

Management of JMSCS is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Condition

Our review of internal control attributes over the revenue cycle revealed the following conditions:

- o In five (5) of ten (10) instances, we were unable to review evidence to support date of receipt to facilitate our test of the timely deposit of funds.
- o In five (5) instances of ten (10) deposits tested, we were unable to trace to a prepared receipt and subsequent recordation in the cash receipts register.
- o Further, for the referenced deposits, we were unable to review the associated validated deposit slips.

Cause

The level of oversight afforded to staff.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number, Continued

OM 2020-001

Effect or Potential Effect

Noncompliance with established board policy.

Recommendation

Management should continue to revisit and enhance the level of oversight with its monthly general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Periodic analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Current Status

Partially resolved. See current year's other matter reference number OM 2021-001.

DRAFT

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number

OM 2020-002

Criteria

Management is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events.

Condition

For a sample of twenty-five (25) JMSCS's personnel files tested for internal control attributes, we noted the following conditions:

- o In two (2) instances, we noted a variance in the payroll using the executed contract amount versus amount reflected on the payroll register and paid.
- o In six (6) instances, JMSCS was unable to provide documented evidence to support supervisory review and approval of employee payroll disbursement.
- o In one (1) instance, JMSCS was unable to locate an employee's time card to support payroll disbursement.
- o In another instance, JMSCS was unable to locate employee's approved leave request to support payroll disbursement.

Cause

Lack of adequate oversight over the payroll processing.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***PROR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number, Continued

OM 2020-002

Effect or Potential Effect

Potential for incorrect payments of payroll amounts.

Recommendation

Management should revisit with its oversight level involving its payroll processes.

Current Status

Partially resolved. See current year's other matters report reference number OM 2021-002.

DRAFT

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number

OM 2020-003

Criteria

Management of JMSCS is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Condition

In all seven (7) journal entries tested, we noted no documented evidence to support approval beyond the level of supervisor.

Cause

Inadequate oversight over monthly processing of financial statements and events.

Effect or Potential Effect

Potential for misappropriation of assets.

Recommendation

Management should implement a procedure requiring supervisory approval of all journal entries prior to posting.

Current Status

Unresolved. See current year's other matter reference number OM 2021-003.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number

OM 2020-004

Criteria

Management of JMSCS is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Condition

Our review of internal control attributes over the expense cycle revealed the following conditions:

- o In five (5) instances of twenty-five (25) transactions tested, the supporting invoices were not stamped "paid" or cancelled to prevent further use.
- o Further in one (1) instance, we noted no documented evidence to support the mathematical verification of the related invoice.

Cause

The level of oversight afforded to staff.

Effect or Potential Effect

Noncompliance with established board policy.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number, Continued

OM 2020-004

Recommendation

Management should continue to revisit and enhance the level of oversight with its monthly general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Periodic analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Current Status

Partially resolved.

DRAFT

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number

OM 2020-005

Criteria

Management of JMSCS is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Condition

At June 30, 2019, JMSCS has recorded \$52,502 as a payable to a vendor. However, we are unable to ascertain the validity of the obligation.

Cause

Untimely resolution of completeness in recorded economic events.

Effect or Potential Effect

Potential for overstated financial obligations.

Recommendation

Management should continue its research of the obligated amount to determine its continued validity and existence.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number
OM 2020-006

Criteria

Management is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to include the designation of all authorized individuals for contracts, bank accounts, etc.

Condition

A third party confirmation from Dryades YMCA sponsor organization for JMCS's financial institution listing authorized check signers, included that of a former employee and board member.

It is our understanding through discussion with management that the bank account has been closed.

Cause

Oversight resulting from a practice of periodic review for completeness.

Effect or Potential Effect

Potential for misappropriation of funds.

Recommendation

Management should periodically (annually and/or upon separation) verify the completeness of its authorized check signers.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
(CONTINUED)**

JMSCS's response to the current and the status of prior year's other matters reported are described in this report under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit JMSCS's response and accordingly, we express no opinion on it.

This report is intended solely for the information of the Board of Directors, management of JMSCS, BESE, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

March 31, 2022

DRAFT