



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

September 16, 2015

Ms. Sharon L. Clark, Executive Director,
and Members of the Board of Directors
Institute for Academic Excellence
1800 Monroe Street
New Orleans, Louisiana 70118

Dear Ms. Clark:

We audited certain transactions of the Institute for Academic Excellence d/b/a Sophie B. Wright Charter School (school) to determine the credibility of complaints we received. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes and consisted primarily of the examination of selected financial records and other documentation and related inquiries. The scope of our audit was significantly less than that required of an audit by *Government Auditing Standards*.

Louisiana Revised Statute (La. R.S.) 17:3972 provides for the creation of charter schools to encourage different and innovative teaching methods. The school, which received its charter from the State Board of Elementary and Secondary Education (BESE) in 2004, is funded primarily through the state's Minimum Foundation Program (MFP). La. R.S. 17:3981.2 requires charter schools to comply with the objectives of state laws and BESE's policies and regulations. Louisiana Administrative Code 28:I.1109 requires that all public education funds, in particular state and federal monies, be allocated and expended in compliance with applicable federal and state laws, regulations, and policies.

In addition, the school acts as custodian for the Student Activity Fund (SAF) bank accounts. SAFs contain monies generated from fund-raising events of various school clubs and organizations. La. R.S. 17:414.3 regulates these funds and requires that they be used according to the purpose for which they were generated.

During our examination of school records, we determined that from July 2011 to February 2015 (approximately 44 months), the school improperly used MFP funds totaling \$267,878 instead of SAF monies to purchase clothing for students, concert tickets, and other various items. School management acknowledges that these purchases should have been made with SAF funds; however, when management became aware of the problem it failed to reimburse the MFP bank account in a timely manner. That is, the external auditor reported to the school's administration that, as of June 30, 2014, SAF owed the school \$110,984 in MFP funds.

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At the time, the SAF account balance was \$323,453. As of August 28, 2015, the school administration has repaid the \$267,878 owed to the MFP account.

By using MFP funds to make inappropriate expenditures and not reimbursing the funds in a timely manner, the school may have violated state law and the Louisiana Constitution.¹

We recommend that the school:

- comply with the MFP funding guidelines, and
- refrain from improper use of MFP funds.

This correspondence represents our findings and recommendations as well as management's response. This correspondence is intended primarily for the information and use of school management. I trust this information will assist you in the efficient and effective operations of the school. Should you have any questions, please contact Mr. Dan Daigle at (225) 339-3800.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/aa

SBW 2015

¹ **Louisiana Constitution Article VII, Section 14(A)** states, in part, "Prohibited Uses. Except as otherwise Provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private."

La. R.S. 42:1461(A) states, "employees of any "public entity," by the act of accepting such office or employment assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other thing of value belonging to or under the custody or control of the public entity in which they hold office or are employed.

APPENDIX A

Management's Response

From: "Sharon Clark" <sharon_clark@sbwcharter.org>
Date: September 10, 2015 at 12:39:35 PM CDT
To: "CMOORE@LLA.LA.GOV" <CMOORE@LLA.LA.GOV>
Subject: Sophie B. Wright Charter School's Response

Mr. Moore,

I am sorry that I missed your call yesterday.
Please allow the following response to be a part of our report.

The response is from the Board of Directors. Mr. James Watson is the President of the Board.

Response: The Board of Directors for the Institute of Academic Excellence is grateful for the audit completed by the Louisiana Legislative Auditors. We are moving forward with a new Financial Director as we get ready to move back to our newly renovated state of the art school building that our students and parents deserve.

Mr. James Watson President of the Board for the Institute of Academic Excellence