



## UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL  
1999 BRYAN STREET, HARWOOD CENTER, SUITE 1440  
DALLAS, TEXAS 75201-6817  
PHONE: (214) 661-9530

AUDIT FAX: (214) 661-9531 INVESTIGATION FAX: (214) 661-9589



**Control Number**  
**ED-OIG/A06-E0018**

June 8, 2005

Mr. Cecil J. Picard  
State Superintendent of Education  
Louisiana Department of Education  
P.O. Box 94064  
Baton Rouge, LA 70804-9064

Dear Mr. Picard:

This **Final Audit Report** presents the results of our audit of the Title I funds administered by the East Baton Rouge Parish School District (East Baton Rouge Parish) for the period July 1, 2001, through December 31, 2003. Our overall objective was to determine whether East Baton Rouge Parish properly accounted for and used Elementary and Secondary Education Act of 1965, as amended<sup>1</sup> (ESEA), Title I, Part A (Title I), funds in accordance with applicable laws and regulations. Specifically, we determined whether: (1) Title I expenditures were allowable, approved, properly documented, and only used for Title I schools; (2) semi-annual certifications were obtained and retained for non-schoolwide employees; and (3) Title I funds were properly allocated.

We provided a draft of this report to the Louisiana Department of Education (LDE). In its response to our draft report the LDE disagreed with Findings No. 1 and No. 2 and concurred with Finding No. 3.

LDE officials provided additional support, not previously provided during the audit, and we reduced the amount of unsupported costs questioned in Finding No. 1 to \$120,059 and in Finding No. 2 to \$28,187.

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## BACKGROUND

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The Title I program is authorized under the ESEA, as amended by Improving America's Schools Act of 1994, Public Law 103-382 and the No Child Left Behind Act of 2001, Public Law 107-110. Title I is the largest elementary and secondary education program, which supplements State

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<sup>1</sup> The No Child Left Behind Act of 2001 reauthorized the ESEA on January 8, 2002, and the Improving America's Schools Act of 1994 reauthorized the ESEA on October 20, 1994.

and local funding for low-achieving children, especially in high-poverty schools. Part A of Title I provides financial assistance through State Education Agencies to local educational agencies (LEAs) to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging State academic achievement standards and State academic assessments.

Title I funds may be used by LEAs for schoolwide or for targeted assistance programs. Under a schoolwide program, an LEA may consolidate and use Title I funds with other Federal, State, and local funds in order to upgrade the entire educational program of a school if not less than 40 percent of the children enrolled in the school are from low-income families. Federal funds consolidated in a schoolwide program lose their specific program identity and may be used for any costs of a schoolwide program. A school that is ineligible for a schoolwide program, or chooses not to operate a schoolwide program, may use the Title I funds only for the eligible children having the greatest need for special assistance.

In distributing funds to schools, an LEA must allocate to each participating school an amount for each low-income child. However, LEAs must initially reserve funds for homeless, neglected, and delinquent children, for qualified teachers, choice-related transportation, professional development, parental involvement, and capital expenses for private school children. LEAs also must report expenditures that were actually disbursed for goods and services and maintain adequate documentation of those disbursements.

In fiscal year 2003, the U. S. Department of Education allocated \$256 million in Title I funds to Louisiana's LEAs. The LDE requires districts to submit reimbursement claims for funds already expended for approval. During our audit period, East Baton Rouge Parish requested reimbursement for \$31.4 million it disbursed for Title I expenses incurred by 68 schools. The amounts disbursed, by program fiscal year, were—

7/1/01—6/30/02	\$11,688,188
7/1/02—6/30/03	\$12,207,876
7/1/03—12/31/03	\$ <u>7,595,281</u>
Total	<u>\$31,491,345</u>

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## AUDIT RESULTS

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East Baton Rouge Parish generally accounted for and used Title I, Part A funds in accordance with applicable laws and regulations. However, our audit disclosed that East Baton Rouge Parish (1) did not have the semi-annual certifications for one targeted assistance Title I employee and did not have personnel activity reports for three district employees; (2) did not properly account for and use \$55,257 in Title I funds in accordance with applicable purchasing regulations, grant terms, and cost principles, and (3) overpaid a travel expense for a training symposium.

**FINDING NO. 1 – Semi-Annual Certifications Were Not Completed**

Most Title I expenditures for payroll and fringe benefits costs were allowable, approved, and properly documented, and funds were properly allocated to Title I schools. However, East Baton Rouge Parish did not properly account for \$120,059 of Title I funds expended for four employees. Specifically, East Baton Rouge Parish did not have the semi-annual certifications for one targeted-assistance Title I employee for the July 1, 2003, through December 31, 2003 time period.<sup>2</sup> The unsupported amount consisted of \$13,606 for payroll costs and an estimated \$3,328 for fringe benefits costs. Additionally, East Baton Rouge Parish did not have personnel activity reports or semi-annual certifications for three district employees – two were working on multiple activities, and one was working 100 percent on Title I. The unsupported amount consisted of \$90,231 for payroll costs and an estimated \$12,894 for fringe benefits costs.

Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments, Attachment B, Paragraphs 11.h(3) and (4)* (1997) provide that—

Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation.

These conditions occurred because East Baton Rouge Parish did not follow its policies and procedures for maintaining supporting documentation for all expenditures. As a result, the LDE did not ensure that all expenditures were for Title I employees.

**RECOMMENDATIONS**

We recommend that the Assistant Secretary for Elementary and Secondary Education instruct the LDE to—

- 1.1 Provide sufficient documentation to support \$120,059 or refund that amount to the Department of Education.
- 1.2 Require East Baton Rouge Parish to improve its documentation, records storage, and records retention and retrieval procedures to ensure that adequate documentation of costs charged to Title I and other Federal grants is readily available.

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<sup>2</sup>Schoolwide programs are exempt from certification procedures.

## **LDE'S COMMENTS**

The LDE disagreed with our finding and Recommendation 1.1. It agreed to Recommendation 1.2 and agreed to implement enhanced procedures for collecting and maintaining supporting documentation for all expenditures.

The LDE stated that East Baton Rouge Parish operated schoolwide programs in all schools during 2001-2002 and 2002-2003 and provided a copy of the LDE Approved Attendance Area Selection forms to demonstrate. During 2003-2004, one of the schools became a targeted-assistance school.

## **OIG'S RESPONSE**

We accepted the additional documentation listing all schools in East Baton Rouge Parish that operated a schoolwide program for 2001-2002 and 2002-2003. As a result, we modified our recommendation. However, one school operated a targeted assistance program in 2003-2004, in which East Baton Rouge Parish did not properly account for \$16,934 for one teacher. Additionally, three LEA employees with salaries and fringe benefits totaling \$103,125 did not have semi-annual certifications or personnel activity reports. Although additional documentation was provided, it was made after our audit period and fieldwork had ended. Those documents need to be evaluated by the Office of Elementary and Secondary Education to determine their acceptability.

## **FINDING NO. 2—Purchases Did Not Comply with Regulations**

East Baton Rouge Parish did not properly account for and use \$28,186.80 in Title I funds in accordance with applicable purchasing regulations, grant terms, and cost principles. From a judgmentally selected review of 109 purchases over the 30-month period of July 1, 2001, through December 31, 2003, we concluded that East Baton Rouge Parish was not able to provide adequate documentation for two items.

For the 2001-2002 school year, there was not enough documentation to support that required price quotes were requested for a supply purchase of \$5,828 for student chair desks. EBR did not have documentation to show written invitations for bids were sent to at least five responsible bidders.

For the 2002-2003 school year, one expense of \$22,359.00 for READ 180, a reading intervention program, purchased from Scholastic Magazine, Inc. contained no evidence of a sole source justification.

According to 34 C.F.R. § 80.36(a) a State will follow the same policies and procedures it uses for procurements from its non-Federal funds when procuring property and services under a Federal grant.

Under the Louisiana State Purchasing Rules and Regulations, purchases over \$5,000 shall be made by sending out written invitations for bids to at least five responsible bidders. The rules and regulations also state that if the chief procurement officer determines in writing that there is only one source, then a contract may be awarded without competition, but this determination requires an explanation as to why no other source was suitable or acceptable.

OMB Circular A-87, Attachment A, Paragraph C.1 (1997) provides, in part, that—

To be allowable under Federal awards, costs must . . . Be necessary and reasonable for proper and efficient performance and administration of Federal awards . . . Be allocable to Federal awards . . . Be adequately documented.

These conditions occurred because East Baton Rouge Parish did not follow its policies and procedures and the Louisiana State regulations for obtaining competitive bids or sole source justification for purchases over \$5,000. As a result, the LDE did not ensure that all Title I purchases were needed or that the items purchased represented the best value at the lowest price.

## **RECOMMENDATION**

We recommend that the Assistant Secretary for Elementary and Secondary Education instruct the Louisiana Department of Education to—

2.1 Refund \$28,187 to the Department of Education.

## **LDE'S COMMENTS**

The LDE disagreed with this finding and provided reasons for its disagreement along with data not previously provided during the audit to support its position. The data provided included bids, requisitions, and clarification that LDE bid rules do not apply to leases.

## **OIG'S RESPONSE**

We accepted some of the additional documentation provided and reduced the questioned costs to \$28,186.80. While the LDE provided OIG with copies of two bids for student chair desks, we were not provided evidence that written invitations for bids were submitted to at least five responsible bidders, as required by the Louisiana State Purchasing Rules and Regulations for purchases over \$5,000. While the information provided did indicate that Scholastic Magazine, Inc. was the sole source supplier of the READ 180 intervention program, there was no information or justification for the sole use of READ 180, as opposed to any of the many other programs that are available.

**FINDING NO. 3 – Travel Expense Overpayment**

East Baton Rouge Parish overcharged Title I \$1,000 in travel costs when they inadvertently wrote a check for \$4,330, instead of \$3,330. The expense was for nine Title I employees to attend a training symposium at a cost of \$370 each. East Baton Rouge Parish officials said they later decided to send three additional Title I employees to the training symposium and the vendor gave them credit for the \$1,000 overpayment. However, East Baton Rouge Parish officials could not provide documentation to substantiate that the \$1,000 overpayment was credited to Title I employees. As a result, East Baton Rouge Parish charged Title I \$1,000 which may not have been expended for Title I purposes.

OMB Circular A-87, Attachment A, Paragraph C.1 (1997) provides, in part, that—

To be allowable under Federal awards, costs must . . . Be necessary and reasonable for proper and efficient performance and administration of Federal awards . . . Be allocable to Federal awards . . . Be adequately documented.

**RECOMMENDATION**

We recommend that the Assistant Secretary for Elementary and Secondary Education instruct the LDE to—

- 3.1 Provide sufficient documentation to support the \$1,000 overpayment or refund that amount to the Department of Education.

**LDE'S COMMENTS AND OIG'S RESPONSE**

The LDE agreed with this finding and provided documentation that East Baton Rouge Parish refunded \$1,000 to the Title I account for the overcharge in Title I travel costs. We accepted the documentation provided which shows a copy of the check refunded to the Title I account on March 1, 2005. This finding is considered closed since we were able to establish that the amount was refunded back to the Title I account.

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**OBJECTIVES, SCOPE, AND METHODOLOGY**

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The overall objective of our audit was to determine whether the East Baton Rouge Parish, properly accounted for and used Title I, Part A grant funds in accordance with the ESEA of 1965, as amended by the Improving America's Schools Act of 1994, Education Department General Administration Regulations (EDGAR), and the cost principles in OMB Circular A-87.

Specifically, we determined whether: (1) Title I expenditures were allowable, approved, properly documented, and only used for Title I schools; (2) semi-annual certifications were obtained and retained for non-schoolwide employees; and (3) Title I funds were properly allocated.

To accomplish our objective, we—

- Reviewed the financial statements and OMB Circular A-133 audit reports for the years ended June 30, 2001, and June 30, 2002;
- Reviewed East Baton Rouge Parish's Title I grant application and budget narrative;
- Reviewed East Baton Rouge Parish's Grant Award Notifications;
- Reviewed written policies and procedures for budgeting, accounting, procurement, payroll, and fringe benefits for the Title I grants;
- For testing purposes, we judgmentally selected a total of \$3,932,682 in expenditures from a total of \$31,491,345 reported during our audit period. For payroll expenditures, we judgmentally selected the 78 employees with the largest annual salaries charged to Title I. As a result, we tested \$3,210,640 of \$17,473,105 for payroll charged to Title I. We reviewed the employee certifications, accounting, and payroll records.
- For non-salary expenditures, we judgmentally selected 109 of the largest transactions from non-duplicated vendors and reviewed cancelled checks, proper approvals, and traced the transactions to supporting documentation. The reviewed transactions accounted for \$722,042 or 17.7 percent of the total dollars expended to vendors. We reviewed 40 transactions for program fiscal year 2001-2002, 43 for program fiscal year 2002-2003, and 26 for part of program fiscal year 2003-2004; and
- Interviewed various East Baton Rouge Parish employees, contractors, and LDE officials.

To achieve our audit objective, we relied, in part, on computer-processed Title I funds request forms submitted to the LDE by East Baton Rouge Parish. We verified the completeness of the data by comparing source records to computer-generated request forms, and verified the authenticity by comparing computer-generated request forms to source documents. Based on these tests, we concluded that the data were sufficiently reliable to use in meeting the audit's objective.

We conducted our fieldwork at East Baton Rouge Parish School System between June 7, 2004, and July 1, 2004. We discussed the results of our audit with East Baton Rouge Parish officials on July 1, 2004. An exit conference was held with LDE officials on August 31, 2004.

Our audit was performed in accordance with generally accepted government auditing standards appropriate to the scope of audit described above.



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## ADMINISTRATIVE MATTERS

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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. Determinations of corrective action to be taken will be made by the appropriate Department of Education officials.

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 Education Department official, who will consider them before taking final Departmental action on the audit:

Raymond J. Simon  
Assistant Secretary  
Office of Elementary and Secondary Education  
U.S. Department of Education  
400 Maryland Avenue, SW  
FB6-3W315  
Washington, DC 20202

It is the policy of the U.S. Department of Education to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 days would be appreciated.

In accordance with Freedom of Information Act (5 U.S.C §552), reports issued by the Office of Inspector General are available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

Sincerely,

/s/  
Sherri L. Demmel  
Regional Inspector General  
for Audit

Attachment





STATE OF LOUISIANA  
**DEPARTMENT OF EDUCATION**  
POST OFFICE BOX 94064, BATON ROUGE, LOUISIANA 70804-9064  
Toll Free #: 1-877-453-2721  
<http://www.louisianaschools.net>

April 13, 2005

Sherry L. Demmel  
Regional Inspector General for Audit  
U.S. Department of Education  
Office of Inspector General  
1999 Bryan Street, Suite 2630  
Dallas, Texas 75201-6817

Dear Ms. Demmel:

On March 1, 2005, the Louisiana Department of Education (LDE) received Draft Audit Report, ED-OIG/A06-E0018. The Louisiana Department of Education appreciates the opportunity to respond to the Office of Inspector General's (OIG) findings outlined in its draft audit report. This response was originally due thirty days after the date of the letter. On March 15, 2005, the LDE requested an extension to respond to the findings. The OIG granted the extension and required that this response be submitted no later than April 13, 2005.

Attached is a copy of the Louisiana Department of Education's response to the findings. If you have questions, please contact Dr. Robin Jarvis, Assistant Superintendent of the Office of Student and School Performance, at 225-342-3355 or use the toll-free number listed above.

Thank you for your cooperation.

Sincerely,

Cecil J. Picard  
State Superintendent of Education

CJP: jb

Enclosures

c: Robin Jarvis, Ph.D.  
Susan Aysenne, Ed.D.  
Beth Scioneaux

**Louisiana Department of Education  
Response to Draft Audit Report: ED-OIG/A06-E0018**

Submitted to:  
Sherri L. Demmel  
Regional Inspector General for Audit  
U.S. Department of Education  
Office of Inspector General  
1999 Bryan Street, Suite 2630  
Dallas, Texas 75201-6817

The Louisiana Department of Education (LDE) appreciates the opportunity to respond to the Office of Inspector General's (OIG) findings outlined in its February 28, 2005, draft audit report about the use of Title I funds administered by the East Baton Rouge Parish School District. This response was originally due thirty days after the date of the letter. On March 15, 2005, the LDE requested an extension to respond to the findings. The OIG granted the extension and required that this response be submitted no later than April 13, 2005.

**I. SUBJECT: Response to Finding #1: Semi-Annual Certifications Were Not Completed**

The finding concludes that the East Baton Rouge Parish School System did not properly account for \$194,900.00 of Title I funds for four employees. The Office of Inspector General (OIG) recommends the district provide sufficient documentation to support the \$194,900.00 expenditure or refund the amount. Additionally, the OIG recommended that EBR improve its documentation, records storage, and records retention and retrieval procedures to ensure that adequate documentation of costs charged to Title I and other Federal grants is readily available. East Baton Rouge Parish disagrees with this finding.

**Response to Recommendation 1.1:**

Specifically, the East Baton Rouge Parish School System did not have semi-annual certifications for the "targeted assistance" Title I employee for the 2001-2002 and 2002-2003 school years as Children's Charter School was operating a schoolwide program, thus, said employee can not be designated "targeted assistance." Furthermore, schoolwide programs are exempt from certification procedures, as stated by the OIG. Attached is a copy of the 2001-2002 and the 2002-2003 Louisiana Department of Education Approved Attendance Area Selection forms (*Attachment 1a*) that indicate all schools in the district were operating schoolwide programs for the periods of time in question. In addition, attached is a memorandum from the principal of Children's Charter School indicating for the school year (2003-2004), they chose to become Targeted Assistance (*Attachment 1b*).

The teacher whose salary is subject to this finding was a Title I Targeted Assistance teacher who spent 100% of her time on Title I activities and was 100% Title I funded, beginning with the 2003-2004 school year. Attached is the semi-annual certification for the July 1, 2003-December 31, 2003 time period (*Attachment 1c*). Of note, said attachment is dated *before-the-fact*, versus after the time period in question. *Attachment 1e*, validates Federal Programs adherence to an East Baton Rouge Parish School System memorandum referencing OMB Circular A-87 and the signing of Personnel Activity Reports (A-87 and Semi-annual certifications) *after* the time periods for which said documents are reported.

The school employee at issue in this finding has reviewed her records to verify her time spent on Title I activities and has completed after-the-fact documentation. Attached is the following documentation:

-July 1, 2003 – December 31, 2003 Semi-Annual Certification-Affidavit (*Attachment 1d*)

The following Local Educational Agency (herein LEA) employees at issue in this finding have reviewed their records to verify their time spent on Title I activities and have completed after-the-fact documentation.

For the period in question, Ms. Clair Shaw was paid 100% via Title I funds. The attached documentation (*Attachment 1f*), a Selected Ledger by Social, details and validates her salary's being paid from the Title I account for the period of time in question.

For the period in question, Ms. Patricia McKenzie was paid 70% via Title I funds and 30% via General Fund (*Attachment 1g*). It should be noted that during the period in question, Ms. McKenzie was granted the following types of leave, in sequential order, and, said leave is supported by attached after-the-fact documentation: Sick Leave; Sabbatical Leave; Sick Leave; and then Retirement.

-2002-2003 Documentation of Leave and Affidavits for Patricia McKenzie (*Attachment 1g*)

Attached also find Semi-Annual Certifications (*Attachment 1h*) for Ms. Theola Smith. These after-the-fact semi-annual certifications attest to Ms. Smith's activities for the two funding sources from which her salary was drawn.

-2002-2003 Affidavits for Theola Smith (*Attachment 1h*)

In the event that the aforementioned documentation does not satisfy the minimal requirements of the standards for supporting documentation, the following should be noted:

Both the General Education Provisions Act (GEPA) and the Education Department General Administrative Regulations (EDGAR) require the U.S. Department of Education (herein USDE) to use proportionality when requiring funds be returned to the federal government. In determining proportionality, the USDE must follow the principle that:

A recipient that made an unallowable expenditure or otherwise failed to account properly for funds shall return an amount that is

proportional to the extent of the harm its violation caused to an identifiable Federal interest associated with the program under which it received the grant or cooperative agreement. 34 C.F.R. § 81.32(a)(1).

Given the depth, complexity and overall sufficiency of the documentation provided the OIG in this audit response, the East Baton Rouge Parish School System believes that it has thoroughly and sufficiently accounted for the federal funds in question. More importantly, the sufficiency of this documentation indicates that there was no harm caused to any identifiable Federal interest. Thus, the East Baton Rouge Parish School System maintains that it should not be required to submit refunds relative to these findings.

**Response to Recommendation 1.1:**

The OIG further recommended that the LDE require the East Baton Rouge Parish School System to improve its documentation, records storage and records retention, and retrieval procedures to ensure that adequate documentation of costs charged to Title I and other Federal grants is readily available.

In responding to this recommendation, the East Baton Rouge Parish School System has implemented enhanced procedures for collecting and maintaining supporting documentation for all expenditures. East Baton Rouge Public School System Policies and Procedures will be enhanced to increase the level of fiscal scrutiny by which transactions are conducted, including training of key personnel. Furthermore, semi-annual certifications and OMB Circular A-87 Personnel Activity Reports will be signed and completed by appropriate personnel and supervisors after the time periods for which the certifications and PAR are submitted (After-the-Fact documentation).

## II. SUBJECT: Response to Finding #2: Purchases Did Not Comply With Regulations

The finding concludes that the East Baton Rouge Parish School System did not properly account for and use \$55, 257.00 in Title I Funds in accordance with applicable purchasing regulations, grant terms, and cost principles. In addition, it was stated that the East Baton Rouge Parish School System was not able to provide adequate documentation for six items. The East Baton Rouge Parish Schools System disagrees with this finding and provides the following attachments to support the six items identified as unsupported costs with this finding:

Vendor	Title I Amount	Requested Information	Documentation
Rowley Group	\$5,827.80	Evidence of Quotes from 3 vendors	<i>Attachment 2a</i>
Scholastic Magazine	\$22,359.00	Sole Source Documentation	<i>Attachment 2b</i>
Compass Learning	\$7,677.00	Requisition with approving signatures	<i>Attachment 2c</i>
School Specialty	\$3,592.98	Requisition with approving signatures	<i>Attachment 2d</i>
Professional Office Systems	\$11,000.00	Evidence 3 Quotes from 3 vendors	<i>Attachment 2e</i>
Advanced Office Systems	\$4,800.00	Requisition with approved signatures	<i>Attachment 2f</i>

With reference to *Attachment 2c* (Compass Learning), detailed documentation demonstrates that the materials and supplies in question were ordered (Purchase order attached) and received, and said materials and supplies were paid for with Title I funds (Federal Programs Purchase Inquiry Documentation) for a Title I Schoolwide program (Glen Oaks High School Memorandum and correspondence between the school, the vendor, and Federal programs), and said materials and supplies are being used by Title I students. Thus, East Baton Rouge Parish Schools System properly accounted for, and used, the fund amount in question. Furthermore, attached documentation supports costs questioned as unsupported.

Of note, the East Baton Rouge Parish School System does not require a paper requisition form in order to expedite a request for materials, supplies or property. Beginning with school year 1999-2000 the district instituted an electronic submission and approval process for all requisitions; therefore, a paper copy of a requisition is not a requirement of East Baton Rouge

Parish School System. *Attachment 2c* includes a signed statement from the East Baton Rouge Parish Schools System Director of Finance to this effect.

Lastly, the following appears applicable:

Both the General Education Provisions Act (GEPA) and the Education Department General Administrative Regulations (EDGAR) require the U.S. Department of Education to use proportionality when requiring funds to be returned to the federal government. In determining proportionality, the USDE must follow the principle that:

A recipient that made an unallowable expenditure or otherwise failed to account properly for funds shall return an amount that is proportional to the extent of the harm its violation caused to an identifiable Federal interest associated with the program under which it received the grant or cooperative agreement. 34 C.F.R. § 81.32(a)(1).

Since the attached documentation establishes that the District properly allocated and expended the questioned cost referenced in finding , the East Baton Rouge Parish School System maintains that it should not be required to submit refunds relative to these findings.

With reference to the OIG finding stating that there was no evidence that Quotes were obtained from three vendors for materials and supplies purchased from Professional Office Systems (herein POS), *Attachment 2e* contains copies of purchase orders, Federal programs documentation, requisitions, POS maintenance agreements, and more importantly, a copy of the Louisiana State Procurement Laws.

Obtained from the Assistant Attorney General's Office, Louisiana Department of Justice, § III C (2) Public Bid Law (herein PBL) clearly states "PBL is applicable only to purchases and therefore a pure lease of equipment need not be bid but may be negotiated. Any contract by which title may be obtained will be considered a purchase and must be bid. See 39:2212A (1) (a) and AG opinions."

The aforementioned statement indicates that the PBL is applicable to purchases, and given that the finding at issue is not a purchase, but a lease for maintenance on a copy machine, the East Baton Rouge Parish School System has met the requirements of the PBL. Said equipment will not be purchased by the Title I Schoolwide program and thus need not be bid upon.

**III. SUBJECT: Response to Finding #3: Travel Expense Overpayment**

The finding states the District overcharged Title I \$1,000 in travel costs when they inadvertently wrote a check for \$4,330.00, instead of \$3,330.00.

The East Baton Rouge Parish School System concurs with this finding. *Attachment 3a* includes evidence that Boulder Symposium, Inc. refunded EBRPSS \$1,000.00 (check number 5312). The district refunded \$1,000.00 (check #83935) to the Title I account on March 1, 2005. A check from the East Baton Rouge Parish School System Title I Account (#220035) for \$1,000.00 was refunded to the Louisiana Department of Education on March 15, 2005. Additional documentation that identifies the original source of this error is also included in *Attachment 3a*.

Also included in *Attachment 3a* is a copy of the East Baton Rouge Parish School System's Policy Manual that was approved at the Regular Meeting of the East Baton Rouge Parish School Board/Public Hearing that was held on June 19, 2003. Section D of the Policy Manual outlines the District's Fiscal Management policies and procedures. In response to Finding #3, the East Baton Rouge Parish School System has included a memorandum dated April 11, 2005 in *Attachment 3a*. This memorandum indicates that in addition to regularly scheduled semi-annual trainings of the EBRPSS' Purchasing Procedures and Policies – EBRPSS Policy Manual, the district has scheduled training for April 18, 2005. All finance Department Staff will be required to attend this training. The desired outcome of which is to ensure that all Finance Department staff are fully trained and maintain current knowledgeable of all Purchasing Department and Finance Department Procedures and policies.