



Louisiana Legislative Auditor Audit Risk Alert

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AUDIT RISK ALERT # 41

DATE: November 2, 2021

SUBJECT: 2021 LAGAG Update – SSAE No. 19; School Board Performance Measures; Pre-issuance reviews; Local Auditees in Fiscal Administration

2021 LAGAG Update – SSAE No. 19

The [Louisiana Governmental Audit Guide \(LAGAG\)](#) has been reviewed and updated for 2021.

During the annual review of the LAGAG, the [illustrative practice aids](#) pertaining to agreed-upon engagements were updated for the requirements of *Statements on Standards for Attestation Engagements (SSAE) No. 19, Agreed-Upon Procedure Engagements*, which is effective for agreed-upon procedures reports dated on or after July 15, 2021. Please review the practice aids for agreed-upon procedures engagements and other practice aids in the LAGAG to ensure that the documents your firm is using are up to date.

If you find incorrect information or broken links in the LAGAG; or if you have any other questions about the LAGAG, please contact Gayle Fransen at gfransen@lla.la.gov or (225) 339-3874.

School Board Performance Measures

The Louisiana Legislative Auditor (LLA) has posted the Louisiana Department of Education (LDOE) document [FY 2020-2021 BESE Agreed-Upon Procedures Schedule Glossary](#) to the LLA website. This document pertains to the performance measures schedules that are required to be included in the audit reports of school boards and charter schools for the fiscal year ended June 30, 2021.

There have been no changes to these schedules or to the procedures the CPA must perform on these schedules from the prior year.

For more information on the schedules of performance and statistical data that must accompany the audited financial statements of school boards and charter schools, please see the LAGAG section [Special Reporting – School Board Performance Measures and Agreed-Upon Procedures Report](#).

If you have any questions about the school board performance measures schedules, please contact Sandra Whitehead at swhitehead@lla.la.gov or (225) 339-3811.

Pre-issuance Reviews

In order to fulfill its oversight responsibilities under Louisiana Revised Statute 24:513 A. (5) and (6), LLA performs ongoing monitoring activities to ensure the quality of CPA engagements and reports. At times these activities identify deficiencies in a CPA firm's work that require LLA to take some type of disciplinary action. These disciplinary actions are described in [LAGAG Section 400-1030](#).

One of the disciplinary actions LLA may require is for the firm to engage another CPA to review one or more of the firm's reports and related audit/engagement documentation before the report is submitted to LLA. This is called a pre-issuance review.

LLA recently added clarifying information to the Questions and Answers section at the end of [LAGAG Section 400-1030](#) regarding LLA's qualifications for CPAs who perform pre-issuance reviews, and various other matters.

If you have any questions about pre-issuance reviews, please contact Gayle Fransen at gfransen@lla.la.gov or (225) 339-3874.

Local Auditees in Fiscal Administration

The Fiscal Review Committee comprises the Louisiana Legislative Auditor, State Treasurer, and Attorney General. The Committee meets periodically to discuss political subdivisions (for the purposes of this document, local auditees) that show signs of financial instability, as defined in Louisiana Revised Statute 39:1351.

If the Committee determines unanimously that a local auditee is financially unstable, the Attorney General shall file a motion in district court to appoint a fiscal administrator. The fiscal administrator has the authority to direct all fiscal operations of the local auditee and to take whatever action is deemed necessary to return the local auditee to financial stability.

The fiscal administrator makes periodic reports to the court and the Fiscal Review Committee. One of these reports is the final report or three-year plan. The goal of this document is to enable the local auditee to establish and maintain financial stability once fiscal administration is terminated.

In order to monitor implementation of the final report/three-year plan for these local auditees, LLA will now require the CPA firm performing the local auditee's audit, review/attestation or compilation engagement to evaluate and report on the local auditee's progress with the final report/three-year plan as part of their engagement beginning in the year following termination of fiscal administration.

The CPA firm will be notified of the requirement by LLA staff after submitting the engagement agreement for approval. The final report/three-year plan will be provided to the CPA firm by LLA, along with the specific procedures to be performed.

The CPA firm will use an agreed-upon procedures engagement to evaluate and report on the local auditee's progress with implementation of the final report/three-year plan. The CPA firm may use the illustrative practice aids for statewide agreed-upon procedures engagements ([engagement agreement](#), [management representation letter](#), and [report](#)) found in the Practice Aids and Related Documents section of the LAGAG as a basis for the related documents for this engagement.

The CPA will submit the agreed-upon procedures report at the same time and in the same PDF file as the audit, review/attestation or compilation report. The reports will be issued by LLA as a single document.

LLA has added a [new section](#) to the LAGAG to address the new reporting requirements for local auditees for whom fiscal administration has been terminated.

If you have any questions, about this matter, please contact Sandra Whitehead at swhitehead@lla.la.gov or (225) 339-3811.