



## *Louisiana Legislative Auditor* *Audit Risk Alert*

---

*Baton Rouge Office*  
*Phone No. (225) 339-3800*  
*Fax No. (225) 339-3870*

AUDIT RISK ALERT # 43

DATE: December 6, 2021

SUBJECT: Revised LLA Policy – Submitting Audit Reports/Single Audit Reports to LLA When Federal Guidance is Delayed; Changes in Reporting School Activity Funds

### **REVISED LLA POLICY – SUBMITTING AUDIT REPORTS/SINGLE AUDIT REPORTS TO LLA WHEN FEDERAL GUIDANCE IS DELAYED**

The Louisiana Legislative Auditor (LLA) has revised its policy for submitting local auditee (local government and quasi-public organization) audit reports and Single Audit reports to LLA when federal guidance pertaining to funds the local auditee received has been delayed.

Previously, LLA policy required local auditees that were required to provide for a Single Audit to submit the Single Audit report to LLA with the audit report by the state statutory due date, which is earlier than the due date of the Single Audit report to the Federal Audit Clearinghouse.

LLA believes this policy is sound. Prior to adoption of this policy, it was not uncommon for a local auditee to issue a Single Audit report after their audit report was submitted to LLA, without submitting the Single Audit report to LLA. This policy has enabled LLA to maintain the integrity and completeness of the local auditee reports that are available to the public through the [Audit Reports Library](#) (ARL) on LLA's website.

LLA staff have recently learned that delays in the issuance of the addendum to the 2021 Compliance Supplement will cause delays in the completion of the Single Audit reports of many local auditees with June 30, 2021 fiscal year ends. Because LLA's policy requires submission of the Single Audit report with the audit report, this means that the submission of these local auditee audit reports to LLA will be delayed as well.

Local auditees are often required to submit their audit reports to other regulatory agencies (e.g., the continuing disclosure information submitted to the SEC through EMMA). Local auditee reports are subject to revision until they are reviewed by LLA staff and issued as public documents through the ARL. Local auditees are understandably reluctant to provide an audit report that has not gone through LLA's review and is subject to revision to a regulatory agency. Delays in submitting an audit report to some regulatory agencies may subject a local auditee to sanctions and penalties.

In consideration of the above, LLA has changed its policy regarding submitting audit reports and Single Audit reports to LLA, **effective immediately**:

- A local auditee's audit report may be submitted to LLA without the required Single Audit report if the Single Audit report is delayed due to a delay in federal guidance related to the expenditure of federal funds the local auditee has received.
- If a local auditee wishes to submit their audit report to LLA without the Single Audit report due to a delay in federal guidance, the local auditee or their CPA must notify LLA through the [extension request form](#) available on LLA's website **before the statutory due date of the audit report to LLA**. A full explanation of the reason for the delay of the Single Audit report must accompany the request, and the request must plainly state that the extension is for the Single Audit report **only**, not the audit report, the statewide agreed-upon procedures report, the school board/charter school performance measures agreed-upon procedures report, or any other report that is required by Louisiana statute or LLA policy.
- An extension request submitted for this reason is subject to review and approval by LLA staff; but because the local auditee's audit report will be submitted to LLA by the statutory due date, the extension request is not required to be approved by the Legislative Audit Advisory Council.
- If the extension request is approved and the audit report and other reports required by Louisiana statute or LLA policy are submitted to LLA by the statutory due date, no late report finding is required to be included in the audit report or the Single Audit report.
- Upon receipt of the original audit report and other reports required by Louisiana statute or LLA policy, LLA will review and issue the report package as a public document.
- When the local auditee's Single Audit report is complete, the CPA will submit a revised report package to [ereports@lla.la.gov](mailto:ereports@lla.la.gov) that includes the Single Audit report, the original audit report and any other reports that were originally submitted to LLA, and a letter prepared on the letterhead of either the local auditee or the CPA firm stating that the original report package that was submitted to LLA has been revised to include the Single Audit report. The letter will be issued with the audit report and the Single Audit report, as the first page of the revised report package.
- The auditor should review and follow the guidance in AU-C Section 560.13 (AU-C 560.A.11 – A.17) to determine whether it is necessary to dual date the auditor's opinion in the revised report package; and AU-C Sections 560.15 - .18 (AU-C 560.A.18 – A.26) regarding notification to the parties to whom the original audit report was distributed.

CPA firms also have the option, with the agreement of the local auditee, of performing the Single Audit with the existing federal guidance and submitting the audit report and the Single Audit report to LLA by the state statutory due date; with the understanding that the report may need to be revised if the new federal guidance is materially different from the guidance under which the audit was performed.

The *Louisiana Governmental Audit Guide* has been revised to reflect the new policy. If you have any questions about this matter, please contact Gayle Fransen at (225) 339-3874 or [gfransen@lla.la.gov](mailto:gfransen@lla.la.gov).

## **CHANGES IN REPORTING SCHOOL ACTIVITY FUNDS**

With the implementation of Governmental Accounting Standards Board (GASB) *Statement No. 84 – Fiduciary Activities*, many of the school activity funds that were formerly reported as agency funds in the fiduciary fund financial statements of a school board are now required to be reported as governmental funds, in either the general fund or a special revenue fund.

The Louisiana Department of Education, which promulgates reporting policies for school boards in the state of Louisiana, has issued a [directive](#) that requires student activity funds to be reported in a **special revenue fund**.

Please advise your school board clients that GASB No. 84 and the Department of Education directive are effective for school board reports beginning with the fiscal year ended June 30, 2021.

If you have any questions about this matter, please contact Diane Allison at (225) 339-3812 or [dallison@lla.la.gov](mailto:dallison@lla.la.gov).