

CENTRAL COMMUNITY SCHOOL SYSTEM

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES -
SCHOOL ACTIVITY FUNDS

JULY 1, 2019 - JUNE 30, 2020



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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Members of the Central Community School System's Board
and Dr. Jason Fountain, Superintendent
Central Community School System
Central, Louisiana

We have performed the procedures described in Schedules A and B, which were agreed to by the Members of the Central Community School System's Board (CCSS) and the Superintendent ("School System") (the specified parties) solely to assist you with respect to certain financial transactions and accounting procedures of Central Intermediate School (CIS) and Central High School (CHS) for compliance with bookkeeping procedures as outlined in CCSS's fiscal management policy, for the period July 1, 2019 through June 30, 2020. The School System's management is responsible for the accounting records of the schools. This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified parties of the report. Consequently, we make no representation regarding the sufficiency of the procedures described in Schedules A and B either for the purpose for which this report has been requested or for any other purpose.

Our procedures and the results are described in Schedules A and B.

The School System's responses to the exceptions identified in our performance of the procedures are attached. The School System's responses were not subjected to any procedures applied in the engagement and, accordingly, we express no opinion or any assurance on them.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Members of the Central Community School System's Board, the Superintendent, and the Louisiana Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
February 22, 2021

CENTRAL COMMUNITY SCHOOL SYSTEM

AGREED UPON PROCEDURES - CENTRAL INTERMEDIATE SCHOOL SCHEDULE A

JULY 1, 2019 - JUNE 30, 2020

Hannis T. Bourgeois, LLP was on site at Central Intermediate School to conduct agreed-upon procedures. The agreed-upon procedures performed and the findings are as follows:

Procedure 1:

Policies and Procedures - Obtain the following information related to procedures and processes for Central Intermediate School (CIS) activity funds:

- A. Organizational chart including the identification of persons responsible for initiating, preparing, and approving financial information. **No exceptions**

- B. Listing of persons authorized to do the following:
 1. Deposits/Receipts: **No exceptions**
 - a. Reconciling deposits to participants on gate tickets.
 - b. Preparing deposit slip.
 - c. Who makes the deposit at the bank.
 - d. Who receives the deposit.
 - e. Who records the deposit in the accounting system (Active Network).
 - f. Who reviews and approves step B.1.e.
 2. Expenditures: **No exceptions**
 - a. Initiating transactions.
 - b. Approving transactions.
 - c. Placing orders.
 - d. Preparing checks.
 - e. Signing checks.
 - f. Recording transactions in accounting records.
 - g. Who approves and adds vendors to vendor listing. Provide a listing of the approved vendors.
 3. Bank Reconciliations: **No exceptions**
 - a. Who receives, opens, and approves bank statement prior to the reconciliation process.
 - b. Who reconciles the bank statement.
 - c. Who reviews and approves the bank reconciliation.
 4. Who reviews and approves the balances in each activity fund.

No exceptions.

Procedure 2:

Test of Deposits/Receipts:

- A. Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee. **No exceptions.**
- B. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected. **No exceptions.**
- C. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period to obtain supporting documentation and: **No exceptions.**
 1. Observe that receipts are sequentially pre-numbered.
 2. Verify that ticket sales are accounted for by number and reconciled to the receipts, bank deposits and bank entries.
 3. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 4. Trace the deposit slip total to the actual deposit per the bank statement.
 5. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the deposit is less than \$100).
 6. Trace the actual deposit per the bank statement to the general ledger and determine that deposit is credited to the correct activity fund.
 7. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
 8. Review deposit to determine that personal checks are not cashed from student activity funds.

Procedure 3:

Purchasing:

- A. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Using this population, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period) and obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

1. Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system. **No exceptions.**
 2. Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase. **No exceptions.**
 3. Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice. **No exceptions.**
 4. Ensure that the activity account from which each payment is to be taken is written on each check or the check voucher and verify that proper distribution was made to those funds. **No exceptions.**
 5. Confirm that expenditures are not made on the basis of vendor statements. **No exceptions.**
 6. Determine if expenditures are in compliance with state laws and regulations including bid laws, if applicable. **No exceptions.**
 7. Review cancelled checks for proper signatures and appropriate endorsements. **No exceptions.**
 8. Determine that payment is not for salary. **No exceptions.**
 9. If disbursement is to an individual, determine that it is an appropriate approved expense or reimbursement. **No exceptions.**
 10. Investigate checks made payable to "cash." **No exceptions.**
- B. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system. **No exceptions.**
- C. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases. **No exceptions.**
- D. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks. **No exceptions.**
- E. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions. **N/A, no signature stamp or signature machine is used.**

Procedure 4:

Transfers between activity funds:

- A. Select 10 transfers between funds to ensure the transfer was properly approved and for the established purposes and conditions of the fund. **No exceptions.**

Procedure 5:

Petty Cash:

- A. Review petty cash reconciliation for one time period to ensure petty cash expenditures are in compliance with purposes and conditions of the fund. **No exceptions.**
- B. Verify that appropriate safeguards are maintained for petty cash funds. **No exceptions.**

Procedure 6:

Cash in Bank:

- A. Obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - 1. Bank reconciliations have been prepared for each month. **No exceptions.**
 - 2. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period. **No exceptions.**
 - 3. Select two (2) months bank reconciliations to perform the following:
 - a. Reconcile book balances to bank statements to accounting records. **No exceptions.**
 - b. Total/sum reconciling items. **No exceptions.**
 - c. Investigate any long-outstanding reconciling items - deposits or checks. **No exceptions.**
 - d. Verify that reconciliations are being done timely. **No exceptions.**
 - e. Verify that reconciliations are submitted to the main office. **No exceptions.**

Procedure 7:

Fixed Assets:

- A. Obtain a copy of the detail fixed asset listing which includes identifying asset tag numbers. **No exceptions.**
- B. Select five assets on the detail fixed asset listing to find the asset at the school location. **No exceptions.**
- C. Select five assets at school location to trace asset using the asset tag number to the detail fixed asset listing. **No exceptions.**

CENTRAL COMMUNITY SCHOOL SYSTEM

AGREED UPON PROCEDURES – CENTRAL HIGH SCHOOL SCHEDULE B

JULY 1, 2019 - JUNE 30, 2020

Hannis T. Bourgeois, LLP was on site at Central High School to conduct agreed upon procedures. The agreed-upon procedures performed and the findings are as follows:

Procedure 1:

Policies and Procedures - Obtain the following information related to procedures and processes for Central High School activity funds:

- A. Organizational chart including the identification of persons responsible for initiating, preparing, and approving financial information. **No exceptions.**

- B. Listing of persons authorized to do the following:
 1. Deposits/Receipts: **No exceptions.**
 - a. Reconciling deposits to participants on gate tickets.
 - b. Preparing deposit slip.
 - c. Who makes the deposit at the bank.
 - d. Who receives the deposit.
 - e. Who records the deposit in the accounting system (Active Network).
 - f. Who reviews and approves step B.1.e.
 2. Expenditures: **No exceptions.**
 - a. Initiating transactions.
 - b. Approving transactions.
 - c. Placing orders.
 - d. Preparing checks.
 - e. Signing checks.
 - f. Recording transactions in accounting records.
 - g. Who approves and adds vendors to vendor listing. Provide a listing of the approved vendors.
 3. Bank Reconciliations: **No exceptions.**
 - a. Who receives, opens, and approves bank statement prior to the reconciliation process.
 - b. Who reconciles the bank statement.
 - c. Who reviews and approves the bank reconciliation.
 4. Who reviews and approves the balances in each activity fund.
No exceptions.

Procedure 2:

Test of Deposits/Receipts:

- A. Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee. **No exceptions.**
- B. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected. **No exceptions.**
- C. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period to obtain supporting documentation and: **No exceptions.**
 1. Observe that receipts are sequentially pre-numbered.
 2. Verify that ticket sales are accounted for by number and reconciled to the receipts, bank deposits and bank entries.
 3. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 4. Trace the deposit slip total to the actual deposit per the bank statement.
 5. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the deposit is less than \$100).
 6. Trace the actual deposit per the bank statement to the general ledger and determine that deposit is credited to the correct activity fund.
 7. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
 8. Review deposit to determine that personal checks are not cashed from student activity funds.

Procedure 3:

Purchasing:

- A. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Using this population, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period) and obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

1. Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system. **No exceptions.**
 2. Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase. **No exceptions.**
 3. Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice. **No exceptions.**
 4. Ensure that the activity account from which each payment is to be taken is written on each check or the check voucher and verify that proper distribution was made to those funds. **No exceptions.**
 5. Confirm that expenditures are not made on the basis of vendor statements. **No exceptions.**
 6. Determine if expenditures are in compliance with state laws and regulations including bid laws, if applicable. **No exceptions.**
 7. Review cancelled checks for proper signatures and appropriate endorsements. **No exceptions.**
 8. Determine that payment is not for salary. **No exceptions.**
 9. If disbursement is to an individual, determine that it is an appropriate approved expense or reimbursement. **No exceptions.**
 10. Investigate checks made payable to "cash." **No exceptions.**
- B. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system. **No exceptions.**
- C. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases. **No exceptions.**
- D. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks. **No exceptions.**
- E. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions. **No exceptions.**

Procedure 4:

Transfers between activity funds:

- A. Select 10 transfers between funds to ensure properly approved and for the established purposes and conditions of the fund. **No exceptions.**

Procedure 5:

Petty Cash:

- A. Review petty cash reconciliation for one time period to ensure petty cash expenditures are in compliance with purposes and conditions of the fund. **No exceptions.**
- B. Verify that appropriate safeguards are maintained for petty cash funds. **No exceptions.**

Procedure 6:

Cash in Bank:

- A. Obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 1. Bank reconciliations have been prepared for each month. **No exceptions.**
 2. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.
EXCEPTION - Management did not provide documentation to reflect that reconciling items that were outstanding for more than 6 months were researched.
 3. Select two (2) months bank reconciliations to perform the following:
 - a. Reconcile book balances to bank statements to accounting records. **No exceptions.**
 - b. Total/sum reconciling items. **No exceptions.**
 - c. Investigate any long-outstanding reconciling items - deposits or checks.
EXCEPTION - Management did not provide documentation to reflect that reconciling items that were outstanding for more than 6 months were researched.
 - d. Verify that reconciliations are being done timely. **No exceptions.**
 - e. Verify that reconciliations are submitted to the main office. **No exceptions.**

Procedure 7:

Fixed Assets:

- A. Obtain a copy of the detail fixed asset listing which includes identifying asset tag numbers. **No exceptions.**
- B. Select five assets on the detail fixed asset listing to find the asset at the school location. **No exceptions.**
- C. Select five assets at the school location to trace asset using the asset tag number to the detail fixed asset listing. **No exceptions.**

Dr. Jason Fountain
Superintendent

**CENTRAL COMMUNITY
SCHOOL SYSTEM**



Dr. G. David Walker
District 3

Dr. James W. Gardner
President
District 5

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Dr. Keith Holmes
Vice President
District 1

Ruby Foil
District 6

Roxanne Atkinson
District 2

Sharon Browning
District 7

Response to "Independent Accountant's Report on Applying Agreed Upon Procedures-School Activity Funds" for year ending June 30, 2020

Central Community School System's management is reviewing the exceptions from the Agreed-Upon Procedures and will consider adopting certain new policies and procedures as recommended for all Schools.

A handwritten signature in black ink that reads "Barbra Guyon". The signature is written in a cursive, flowing style.

Barbra Guyon
Chief Financial Officer