

REPORT

Washington Parish School Board
Franklinton Primary School
Franklinton, Louisiana

AGREED UPON PROCEDURES REPORT
As of and for the period
July 1, 2003-December 31, 2003

WILLIAM R. DURDEN

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WASHINGTON PARISH SCHOOL BOARD INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Washington Parish School Board
Franklinton, LA

I have performed the procedures listed below, which were agreed upon by the Washington Parish School Board and Superintendent. These procedures were performed solely to assist the School Board management with respect to compliance with policy and procedures concerning individual school activity accounts and school property inventory at Franklinton Primary for the period July 1, 2003 to December 31, 2003. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

I examined the following records for the School's activity accounts. Two months of bank reconciliation forms were tested for completeness and mathematical accuracy. Cash disbursements were tested for proper use of requisitions, purchase orders and supporting documentation in relation to the School Board policies and procedures. I tested bank deposits against receipts for propriety, traced deposits to the bank statement for timeliness of deposit and traced them to the activity account ledger to verify proper recording. I calculated gross profit percentages on concession operations and performed reasonableness test on other receipt categories where applicable. I tested inventory reports to determine the physical existence of property as listed on the School's property inventory report and to determine that property at the School was included on the inventory list. I also inspected property tags to determine if they were identified

as property of the School and numbered in accordance with the property inventory list.

Franklinton Primary School

Bank Reconciliation - Each month tested was mathematically correct, all reconciling items proper and the reconciled balances equaled the activity account ledger. Beginning and ending balances were traced to prior and subsequent period balances to verify proper cutoffs, transactions were recorded in the proper period and balances were carried forward properly. There were no exceptions to School Board policy concerning bank reconciliation procedures in the months I tested. The beginning bank balance was \$43,941.54, and the balance at December 31, 2003, was \$39,854.88, resulting in a net decrease of \$4,276.66.

Cash disbursements - Most items tested were supported by an invoice, 11% were not. One item had an invoice date before the purchase order date. Items examined were properly approved, documented and recorded in the accounts of the School in compliance with School Board policy, except that requisition forms were not used in any of the items tested. I examined eight additional items on the use of requisition forms and one item was found to have a requisition form. Invoices and purchase orders were signed by the principal in all the items tested. Disbursement records were neat and orderly allowing the verification process to be accomplished in an efficient manner.

Cash receipts - My examination indicates that deposits are made timely and intact. Procedures for safeguarding and accounting for cash receipts are excellent. Receipts are balanced with the daily recap and properly recorded in the activity account ledger. Deposit tickets were complete and agreed with the daily report.

Concessions and other receipts - Concessions operations include candy sales during school hours. Gross profit from concessions netted the school \$3,899.84, a 28.1% gross profit. These funds appear to be properly accounted for and deposited in a timely manner. A slot machine is operated with all proceeds benefiting the teacher's courtesy account. This machine netted a profit of \$148.75.

School pictures - The School netted a profit of \$1,584.25 for fall pictures administered by Lifetouch Pictures.

Fixed asset inventory - To verify physical existence of items on the School inventory list I randomly selected items from the inventory list and check for their physical presence in the listed room. As I moved throughout the School I also picked items from cash room and then verified that the item was on the inventory list. Four hundred thirty three items were chosen. I found 83.9% of the items selected from the inventory list and of the items found 92% were tagged. I found 83.3% of the items selected from the school and 89.2% of the items selected

were tagged. Of the two hundred and two items selected from the inventory list, I was unable to locate seventy-three items. Numerous items had been re-located and it made it difficult to find items listed in a particular room. Four items had been discarded and papers sent to the School Board office, but changes had not been made on the inventory list (no changes since June 30, 2000). I was unable to find on the inventory list one hundred and eight of the two hundred and thirty-one items selected from the school. Of the one hundred and eight items not found on the inventory list eighty-one were Title I. I did locate all eighty-one items on the Title I inventory sheets. Of the three hundred and sixty items found only eight were not tagged. The inventory list for Franklin Primary School was not in good shape. Teachers are required to prepare inventory list for their respective rooms at the beginning and end of each school year. Updates to inventory list maintained by the School Board should be updated more frequently. Better paperwork for transfers and discards must be maintained at the School and communication with the School Board about these changes in inventory must be better documented. Most items I found were clearly marked with a property number and as property belonging to Franklin Primary School. I found no fixed assets purchased from the School activity accounts I tested. However, there is no system in place to insure that any fixed assets purchased from activity accounts will be added to the School's inventory list. I suggest that a system be established that will enable the Primary School to notify the inventory personnel at the School Board office when equipment is purchased. The control of the fixed asset inventory at Franklin Primary needs improvement and the cooperation of all personnel will be needed in order to make this improvement.

Prior examination report findings – My prior examination of Franklin Primary School was for the period July 1, 1998 through June 30, 1999. There were no adverse findings as a result of that examination.

I was not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Yours truly,



William R. Durkin, CPA

February 28, 2004