

California Parish School Board
Homer, Louisiana
Independent Accountant's Report
on Applying Agreed-Upon Procedures
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3. Financial statements should be prepared monthly and forwarded to the school board office as required. The school board's business manager should ensure that financial statements are received each month and appropriate action be taken when they are not received.

GENERAL

My evaluation of the internal control structure disclosed that the bookkeeper at the school is allowed to much authority. The bookkeeper opens mail, makes deposits, pays bills, and receives all monies. From discussions with agency personnel it appears all of these functions are performed without any management oversight. The principal signed the majority of the checks, however, neither he nor faculty sponsors reviewed and signed invoices showing their approval. In most cases the principal was unaware of how school money was being spent. While it is not economically feasible to hire another employee at the school, which would allow for a better segregation of duties, at the very least the principal or faculty sponsor should approve all invoices. Checks should not be signed until after they have been prepared by the bookkeeper and are accompanied by the original invoice and other supporting documentation. Due to the lack of management oversight the school had expended almost all of its' monies at June 30, 1997 and left several of the activities with a deficit balance. The current record keeping system has made the oversight responsibility virtually impossible. The system does not make use of a journal and general ledger which would allow the principal to monitor the cash balance of the school fund and the individual activity balances. I recommend that a new record keeping system be implemented. The system should consist of a journal and a general ledger. The journal should be used to record each individual receipt and disbursement by activity as it occurs and at the end of each month the totals in the journal should be transferred to the general ledger. If this system is utilized the principal would be able to ensure that an activity has money available to make a purchase before it is made.

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 noted 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.



West Monroe, Louisiana
January 22, 1998

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3. Perform procedures sufficient to determine whether all bank statement transactions have been properly recorded in the accounting records.

My examination of bank statements disclosed that two deposits were not recorded in the general ledger. I recommend that a bank reconciliation be performed each month. This procedure would ensure that such errors would be detected.

4. Evaluate compliance with school board policies and procedures and applicable state law. Report any improvements needed.
 1. Most transactions are being recorded in the general ledger but no attempt is being made to determine actual cash balances of individual activities at the end of each month. Consequently, monies were expended for some activities in excess of actual monies available. Including the General Fund, there are 19 activities accounted for at the school. Of these 19 activities, 11 had over expended their available cash. This simply means that those 11 activities spent monies which belonged to the other 8 activities.
 2. Monthly bank reconciliations were not prepared for the entire year.
 3. Monthly financial statements were not prepared and turned in to the school board office as required by school board policies.
 4. The checking account had a cash overdraft of \$4,412 at June 30, 1997.

I recommend that in the future the following be done to correct the above listed deficiencies:

1. Transactions should be recorded by activity and a balance for each activity should be calculated at the end of each month. Funds generated for each particular activity are restricted to use for that activity and should not be used for any other purposes. I recommend that the school monitor its' cash balances more closely and only spend funds for their designated purposes.

In addition, the school board should transfer (loan) money to those activities with deficit balances in order that activities without deficit balances will have their monies available for use.

2. A bank reconciliation should be prepared each month and agreed to the book balance in the general ledger.

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2. Purchase procedures sufficient to determine whether all disbursements/expenditures were appropriate and legitimate and were properly recorded in the accounting records.

My test of expenditures included all disbursements made for the year ended June 30, 1997. During my test, I noted the following:

1. 264 of the 649 disbursements tested, or 41%, were not supported by an original invoice or other documentation to indicate the acceptability of the goods or services, or that they were actually received.
2. 362 out of 385 invoices examined, or 94%, lacked approval from the principal or faculty member responsible for the activity, indicating that no one has taken responsibility for the majority of these invoiced purchases. Adding to this 362 purchases, the 264 unprocessed purchases discussed in number 1 above, no one has taken responsibility for 626 of the 649 purchases made during the year.
3. 98 out of 385 invoices examined, or 25%, did not appear to be a disbursement for the intended purpose of the fund/activity.
4. several disbursements were made from statements rather than original invoices and invoices are being paid late.

I recommend that documentation for all future disbursements include the following:

1. Authorization from the principal or faculty member responsible for the activity to make purchases for the activity.
2. Be supported by an original invoice, initialed and dated by the individual receiving the goods or services indicating that they have, in fact, been received.
3. Payment from original itemized invoices, which have been approved by the principal or faculty member responsible for the activity.

In addition to the above, I recommend that invoices be paid in a timely manner to avoid late charges and or penalties and that faculty members responsible for activities be provided with monthly activity reports for their review and comment.



REGISTERED
PUBLIC ACCOUNTANT
98 FEB -2 AM 9:54

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

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To the Management of
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MEMBER AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

MEMBER OF LOUISIANA
REGISTERED PUBLIC
ACCOUNTANTS

MEMBER ASSOCIATION OF
GOVERNMENTAL
REGISTERED ACCOUNTING
AND FINANCIAL MANAGERS

I have performed the procedures enumerated below, which were agreed upon by management of the Claborne Parish School Board solely to assist the users in evaluating the propriety of receipts and disbursements for the year ended June 30, 1997 and to evaluate the applicable internal control structure. This agreed-upon procedures engagement 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.

In connection with this engagement, the following specified procedures were performed:

- 1. Perform procedures sufficient to determine that all receipts/revenues have been properly accounted for and were properly credited to the appropriate activity.

During my test of cash receipts for the sale of concessions in the school store account and ticket sales for athletic events, I noted that the school had no documentation to support the amounts received. In addition, my test of cash receipts also disclosed that individual receipts are not issued for all monies received by the school. The receipts that were issued did not always indicate which activity the money was received from. Consequently, the school does not have sufficient documentation to support the amounts received for the various school activities, the sale of concessions, or ticket sales. This lack of documentation makes it impossible to determine if receipts are complete and have been properly categorized. To correct these deficiencies, I recommended that all monies received to the school either by faculty sponsors, teachers, and other appropriate parties be counted in the presence of the person remitting money, a copy of this documentation be prepared, and the receipt signed by both parties to indicate their agreement with the count.

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This report is intended for the use of the public and is available for public inspection at the design office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: 2-4-98