

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

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Under provisions of state law, this report is a public document. A copy of the *Durden and Alonzo* report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

William R. Durden

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

Case Date **FEB 24 1999**

Washington Parish School Board
Franklinton, LA

We 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 office with respect to compliance with policy and procedures concerning individual school activity accounts and school property inventory. 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, we 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.

We tested inventory records 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. We also inspected property items to determine if they were identified as property of the school and numbered in accordance with the property inventory list. We examined the records for the schools' activity accounts. All twelve months of bank reconciliations were tested for completeness and mathematical accuracy. Disbursements were tested for proper use of requisitions, purchase orders and supporting documentation in relation to the school board policies and procedures. We attempted to test bank deposits against pre-numbered receipts for propriety and traced them to the activity account ledger. We calculated gross profit percentages on concession and coke sales and performed reasonableness test on other receipt categories where applicable.

FRANKLINTON JUNIOR HIGH SCHOOL

Bank Reconciliation - We examined all bank reconciliations for the year July 1, 1997 through June 30, 1998. There were some discrepancies of which we were unable to explain due to the lack of printed check registers detailing cash receipts and disbursement transactions. One month was not reconciled, two months the reconciliation did not agree with the activity account ledger, and several other reconciling problems were discovered. On one occasion, the ending balance for the bank on the account activity report was changed to begin the next month, without explanation or documented changes on the bank statement. We observed through our procedures, numerous signed, blank checks, checks used out of sequence and blank or partially blank check stubs. The secretary was responsible for maintaining the checkbook, however, she was out due to illness over 40 days and her job duties were not performed by anyone while she was out. We were unable to locate some deposit tickets for the year.

Cash disbursements - Purchase orders and requisitions were not issued in accordance with school board policy. Complete supporting documentation for disbursements was not present in the items we examined. For the sample of disbursements we tested, only 40% were supported by an invoice, and 19% had no documentation. We found disbursements coded to improper accounts.

Cash receipts - There were no receipts issued for money turned in to the office after September 27, 1997 and receipts issued before then could not be reconciled with deposit information. There was not an appropriate trail to follow for cash receipts. Deposit slips listed only the account to be charged for the revenue, however, there was no documentation maintained in the school's records detailing the source of funds. Because of the lack of documentation of the source of revenue, we could not determine if revenue was properly posted in the account activity ledger. Deposits were not made daily, normally weekly or biweekly. Ticket reconciliation forms were not utilized to document revenue from sporting events.

Concessions - We calculated the gross profit percentage for the school's concession operations for the year to be 14.62%. The low gross profit appears to have resulted from the theft of inventory from the concession room, which appears to have been corrected through the use of locks. The gross profit for operations so far this school year compute to be 40.67%. Coke machine operations netted a negative gross profit (operating loss of \$373.16) for the year ended 6/30/98. Inventory control appears to be one of the main reasons for the loss of coke revenue. From the delivery process to storage at the school and almost unlimited access to the storage room, the school had virtually no control over coke inventory. As of September 15, 1998, coke operations for the current school year have netted a profit of \$154.19 or 13.16% gross profit. We have suggested that the school change to a "full service" contract with Coke for the

maintenance of the drink machines. Under a full service contract, the drink company fully services the machines, from loading with drinks to emptying and counting the money and pays the school a commission based on the amount of sales.

Fixed asset inventory - Fixed assets were randomly selected from the inventory list, and from the school's premises. One hundred-seventy five items were chosen. We found 94% of the items selected and of the items found, 98% had identification numbers. The inventory records for Franklinton Junior High School were in excellent shape. Items are listed by room number and were very easy to locate. The identification numbers were placed for easy recognition on the items and all items were clearly marked. Mrs. Loretta Rush has set up a check out system for all items controlled by the library (overhead projectors, recorders, televisions and VCRs, etc.). She is able to show exactly where each item is located and when it was placed in a particular room. This system should be adopted by all schools. Mrs. Rush had five pages of inventory additions for special education property which she discovered was not shown on the school's property inventory list. These items were located by room, clearly identified and the addition sheets properly completed. We discussed with the principal, Mrs. Henderson, and Mrs. Rush the establishing of a procedure to make sure any equipment purchased with activity funds would be added to the property inventory. Teachers are required to complete an inventory list at the beginning and end of each school year. This has been the best school property inventory that we have checked. The list can be maintained by room and all items can be clearly marked as property belonging to the school system.

We were 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, 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 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,


Durden and Alonzo, CPAs

November 6, 1998

DENNIE FOWLER
SUPERINTENDENT

HAROLD R. SMITH
PRESIDENT

Washington Parish School Board

P.O. BOX 587
FRANKLINTON, LOUISIANA 70438
(504) 839-3436 FAX # (504) 839-5464

January 22, 1999

Mr. Daniel G. Kyle, CPA, CFE
Legislative Audit Advisory Council
State of Louisiana
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

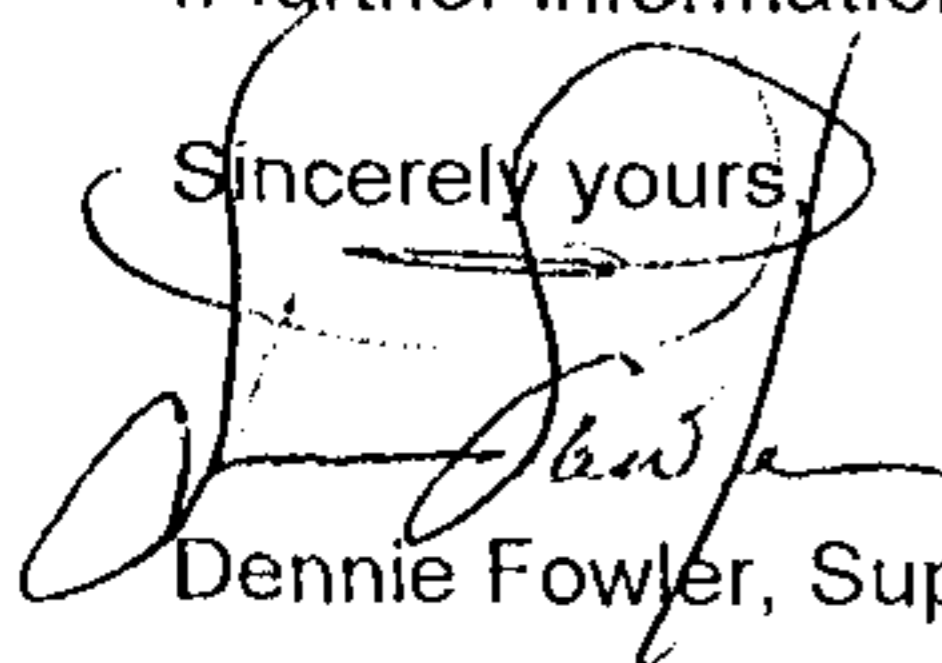
Dear Mr. Kyle:

Please be advised that corrective action has been taken regarding the Franklinton Jr. High School situation. Regarding mishandling of concession monies and products, the bottling company is now providing full service, which has alleviated the problem.

The administrator who was responsible for the school's financial procedures has been placed on six-months probation. During this probationary period, she will be receiving training on financial procedures and responsibilities. Also during this period, central office personnel will be conducting an on-going audit to determine her understanding of proper procedures. At the end of the probationary period, if it is determined that she does not have a full understanding of financial procedures, further disciplinary action will be taken.

If further information is needed, please contact my office.

Sincerely yours,



Dennie Fowler, Superintendent

DF:rp

DISTRICT 1 - HAROLD R. SMITH
DISTRICT 2 - KARL L. BICKHAM, JR.
DISTRICT 3 - BRUCE L. BROWN

DISTRICT 4 - RICHARD N. THOMAS, JR.
DISTRICT 5 - HAYWARD D. BOONE
DISTRICT 6 - SUSANNE JONES

DISTRICT 7 - HOLLY M. JAMES
DISTRICT 8 - JUANITA S. BARKER
DISTRICT 9 - FREDDIE H. JEFFERSON

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CERTIFIED PUBLIC ACCOUNTANTS

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William R. Durden

Donna W. Alonzo

Washington Parish School Board
Franklinton, LA 70438

Re: Franklinton Junior High School
Agreed upon procedures report
For the period ended June 30, 1998

To Board Members and Superintendent Fowler:

The agreed upon procedures report for Franklinton Junior High School, issued, January 22, 1999, for the period ended June 30, 1998 was issued after the statutory completion date of December 31, 1998.

Management's response:

The auditors presented their agreed upon procedures report at our November 30, 1998 committee/board meeting. Due to the findings in their report, the board requested further investigation on several issues in order to make the proper decisions on the appropriated corrective actions to take. The board was *not able to meet in executive session with the principal concerned and decide upon its corrective action until its January 1999 meeting.* This process held up the issuance of the auditors report due to the fact that they are required to include Management's Corrective Action Plan with their report.

We will, at all times, strive to comply with statutory completion dates as they apply to joint engagements with our Certified Public Accountants and the Legislative Auditor, whether it be for the audit of our financial statements or for agreed upon procedure engagements.

The firm of Durden and Alonzo, CPAs thanks the Washington Parish School Board for the opportunity to provide accounting assistance in an effort to make the school system effective in the application of state statutes and school board policies and procedures concerning the accountability of each school's activity accounts.

Sincerely,

Donna W. Alonzo

Durden and Alonzo
Certified Public Accountants

February 11, 1999

Denny Fowler
Denny Fowler, Superintendent
Washington Parish School System