

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in File)

99700818
2672

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

TABLE OF CONTENTS

Washington Parish School Board
Independent Accountant's Report on
Agreed-Upon Procedures..... 1 - 7

Management's Corrective Action Plan..... 8 - 10

Data Collection Form..... 11

Under provisions of state law, this report is a public document. A copy of the 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.

Release Date MAR 10 1999

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(504) 839-4413
FAX (504) 839-4402

William R. Durden

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

Donna W. Alonzo

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. Three 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 tested bank deposits against prenumbered receipts for propriety and traced them to the activity account ledger. We calculated gross profit percentages on concession sales and performed reasonableness test on other receipt categories where applicable.

Change in engagement - Due to the schools schedules with year end holidays, we were not able to start or complete this engagement within the time constraints of our engagement letter. As a result of this delay, the superintendent requested that we extend our examination to include the transactions of the current school year. Thus the period covered by this report is July 1, 1997 through November 30, 1998 for Franklinton High School and July 1, 1997 through December 31, 1998 for Pine High School and Thomas Junior High.

FRANKLINTON HIGH SCHOOL

Principal - Beverly Young

Secretary - Carritha Young and Terri Manning

Bank reconciliation - Each month tested was mathematically correct, all reconciling items proper and the reconciled balance equaled the activity account ledger. Beginning and ending balances were traced to prior and subsequent year balances to verify proper cutoffs with transactions recorded in the proper period and balances carried forward properly. There were no exceptions to school board policy concerning bank reconciliation procedures in the months we tested.

Cash disbursements - For the items tested for the school year ended 6/30/98, school board policy was not, in all cases, adhered to regarding the proper sequence of issuance of requisitions, purchase orders and the purchase of items, however, the items tested in the current school year were found to be in compliance with school board policy. A properly executed requisition and purchase order were issued prior to the purchase or order of goods and services. Supporting documents were properly signed indicating approval to purchase, pay and receipt of, the item by the school. During the school year ended 6/30/98, there were several items posted to the incorrect activity account. Improvement in this area was also discovered in the examination of activity in the current school year. The documentation of transfers between activity accounts was found to be excellent.

The sponsor of each activity account is given a printout of the account they are responsible for on a monthly basis or upon request for their records. They are required to review this information and sign that the information is complete and correct.

All invoices were paid on a current basis, except those received after the end of school. These invoices were not paid until the school office resumed operations for the Fall semester and some were 90 days old.

Cash receipts - Franklinton High School has very good documentation supporting their cash receipt transactions. Their receipt book is balanced to the deposit slip and to the corresponding daily cash receipt report. All items tested were easily verified and traced to the activity account ledger. The only finding concerning cash receipts is the need for more frequent deposits to the bank in the school year ended 6/30/98, however in the current school year they have been making daily deposits. Deposits for athletic events are dropped at the night deposit after the event.

Ticket reconciliation forms are utilized for all athletic events, except baseball and softball. Our examination of these forms indicated a proper accounting for gate

receipts and ticket inventory for the events supported by prenumbered ticket sales and ticket reconciliation forms.

Concessions - We calculated the gross profit percentage for the school's concession operations for the school year ended 6/30/98 to be 26% and for operations for July through November 1998, gross profit was calculated to be 32% . All invoices for concession purchases were paid on a current basis and receipts appear to be properly accounted for.

Fixed asset inventory - Assets were randomly selected from the inventory list, and also from the school's premises. Four hundred seventy-eight items were chosen. We found 86% of the items selected and of the items found 98% had identification numbers. The percentages of items found and tagged are up considerably from the last time the inventory list was checked. The assets on the inventory list were broken down by building and then by room number. Some items are checked out of the Library and a better checkout system needs to be adopted. Because the items were listed by room number they were much easier to locate. Most items were clearly marked with a property number and as property belonging to Franklinton High School. Some work is still needed in the Agriculture and Music departments. Currently, a physical inventory is being completed by each teacher at the beginning and end of each school year . Fixed assets purchased from the school activity accounts were not included on the school's inventory list. We suggest that a system be established that will enable the high school to notify the inventory personnel at the school board office when equipment is purchased. Overall the control of the fixed asset inventory at Franklinton High School is very good. The inventory list is complete and accurate, and the safeguarding of the assets is satisfactory.

THOMAS JUNIOR HIGH SCHOOL

Principal - Carl Merritt

Secretary - Debra Creel and Diane Barber

Bank reconciliations - The bank reconciliations tested were all found to be mathematically correct, balanced with the activity account ledger and reconciling items proper.

Cash disbursements - Documentation of expenditures was found to be in compliance with school board policy for the majority of items tested. Isolated instances of noncompliance were found, that is, the date of issuance of requisition and purchase orders were after the invoice date, this was primarily noted in the year ended 6/30/98 disbursements. Improvement in application of purchase procedures was noted in the documentation of expenditures during the current school year. Items tested were posted to the proper account in the activity ledger. Invoices were paid in a timely manner. Cash disbursement

journal information agrees with the ledger, supporting documentation and canceled checks.

Thomas Junior High wrote a check for \$334.00 in September 1998 for its "startup" money for athletic events gate and concession. This money is maintained at the school throughout the football and basketball season. This is in violation of school board policy.

Cash receipts - The items tested were properly balanced to a daily deposit, recorded to the correct activity account and could be traced to the bank statement without exception. Deposits were made daily.

Ticket reconciliation forms and prenumbered tickets were utilized for all athletic events. We verified their mathematical correctness and proper accounting for ticket inventory. Thomas Junior High counts and deposits, by night deposit, their gate and concession receipts the night of the event.

Concessions - For the school year ended 6/30/98, the gross profit from concessions was calculated to be 22.35%. For the period July 1, 1998 through December 31, 1998 the concession operations have netted a 28.13% gross profit. Athletic concessions for 1998 have netted a 35% gross profit.

Prior examination findings - We reviewed our findings from our examination of the school for the year ended June 30, 1995, and found improvement in all areas of discrepancy or noncompliance with school board policy.

Inventory - Fixed assets were randomly selected from the inventory list and also from the school's premises. Seventy-eight items were chosen. We found 90% of the items selected and of the items found 97% had identification numbers. The percentages of items found and tagged are up considerably from the last time the inventory list was checked. The inventory list was broken down by building and room and the items were easy to locate. As can be seen from the percentage of items with identification numbers, the property is clearly marked with a property number and as belonging to the Thomas Junior High School. There were some items that had been moved from one room to another. Currently a physical inventory is being turned in by each teacher at the beginning and end of each school year. Fixed assets purchased from school activity accounts were included on the school's inventory list. Overall the control of the fixed asset inventory at Thomas Junior High School is excellent.

PINE HIGH SCHOOL

Principal - Ed Deas July 1, 1997 - June 30, 1998

Ronald Knight July 1, 1998 - Present

Secretary - Pam Breland

Bank reconciliation - During the school year ended 6/30/98 and before, there were three bank accounts maintained by the school, 1) General Activities of the school, 2) Quarterback Boosters, and 3) PTA account. As of January 1999 these accounts have been consolidated to one checking account. The bank reconciliations examined were found to be mathematically correct. The balances agreed with the activity account ledgers and reconciling items were valid.

Cash disbursements - For the school year ended June 30, 1998, cash disbursements were issued in compliance with school board policy for the majority of items tested, however there were several items where the invoice date was before the requisition and purchase order dates and there were several disbursements that were missing the proper invoice or receipt. There were several disbursements coded to the improper account, ex.: jackets for cheerleaders coded to general account. There were numerous expenditures coded to the general account for travel reimbursements (mileage, meals, lodging conference fees) for the principals and faculty, approximately \$2500.00 in value. An individual was paid wages from the general account of the school for janitorial services amounting to \$2080.00. A check was written from the general account to Pine School Lunch for \$251.35 for students not paying their lunch bill. There were two checks written in September 1998 for football vendors with invoices dating from August, September and October 1997 and January 1998 for \$2298.15 and \$1097.03. The football activity account was allowed to carry a deficit balance from December 1997 through May 1998, purchases were authorized without regard to the deficiency in the account and with these two invoices outstanding.

For the period July 1, 1998 through December 31, 1998, cash disbursements were documented and accounted for in compliance with school board policy. The items tested were posted to the proper accounts and there were no disbursements for travel reimbursements from the student activity accounts. The football activity account maintained a positive balance throughout this period and at December 31, 1998 had a positive balance of \$2629. where at the same time in 1997 the account had a negative balance of \$3078.

Cash receipts - For the school year 6/30/98 we were able to trace cash receipts to a deposit slip, to the activity account ledger and to the bank statement with no exceptions. For the current period, July 1 through December 31, 1998, the secretary began requiring anyone turning money into the office to use a "office deposit form". This form contains the date, account name, breakdown of currency, coin, and checks, purpose of the deposit, signature of teacher and person receipting money. This form is attached to the computer generated receipt which is attached to the daily receipts report and deposit information. This procedure provides an excellent trail for documenting revenue coming into the school office. Deposits are made on a daily basis. Athletic event receipts are deposited, by night deposit, the night of the event.

Concessions - Pine High School has a full service contract with Coca Cola Bottling Co. for the operation of its drink machines. Commissions from these machines for the year ended 6/30/98 was \$4652.25 and for the current school year have been \$2449.00. The gross profit from operations of the school concessions for the year ended June 30, 1998 was 13% and for the period July 1, 1998 through December 31, 1998 operations have netted a 26% gross profit.

Quarterback Booster Account - The quarterback booster account disbursement documentation did not follow school board policy. There were no invoices for any of the items purchased and the requisition and purchase orders supporting the expenditure were dated the same date as the check. The deposit slips did not identify the sources of funds. This checkbook was not maintained by the school secretary, nor did she receipt or deposit the funds deposited into this account. She did record the transactions in the activity account ledger. There were no transactions in this account for the period July 1, 1998 through December 31, 1998 and the balance was transferred to the general account in January 6, 1999.

Parent Teacher Association - Disbursements from this account also lacked in following school board policy. The documentation was present, however, the requisitions and purchase orders were either not dated or were dated after or the same as the invoice or check. The source of funds deposited was not evident on the deposit slips and a record of receipts balanced to the deposit was not maintained. This checkbook was not maintained by the school secretary, nor did she make the deposits or receipt the money. This bank account was closed and the money transferred to the general account in September 1998.

Prior year findings - June 30, 1995

1. Purchase procedure, requisitions and purchase orders not issued in compliance with school board policy. As evidenced above this finding was not totally corrected until the current school year, July 1 - December 31, 1998.

2. Cash was taken from concessions to use as "startup" for athletic events gate and concessions, however, the money was deposited and accounted for separately in an appropriate manner. This practice continued through the school year ending 6/30/98. Beginning in July 1998, a check is written before each game for the "startup" money and is deposited with the gate receipts and concession receipts the night of the game.

Inventory - Fixed assets were randomly selected from the inventory list, and also from the school's premises. Two hundred sixty items were chosen. We found 78% of the items selected and of the items found, 98% had identification numbers. The problem we found with the inventory listing was the number of items missing at the time the new principal took over. A complete inventory was taken by Mr. Knight and he submitted five pages of request to discard items not

located at the school but shown on the asset inventory list. These items had been eliminated from the inventory list we used. We were able to find the items selected from the listing and almost all the items were found tagged. The low percentage reported above for items found was caused by the numerous items we selected from the classrooms that we could not find on the inventory list. Mr. Knight had obtained an inventory from each teacher and those items, which we could not find, were on the teacher's inventory but there had not been enough time to submit all the paperwork necessary to add the items to the school board's list. The assets on the inventory list were broken down by building and then by room number and they were easy to locate. Some items are checked out of the Library and a better checkout system needs to be adopted. Most items were clearly marked with a property number and as property belonging to Pine School. Fixed assets purchased from school activity accounts were included on the school's inventory list. There is still a considerable amount of work that needs to be done to the fixed asset inventory at Pine School. It would appear that a great amount of improvements have been made to the inventory list, and when the items shown on the individual teacher inventories are added to the school board's asset listing the inventory should be complete and accurate.

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

January 29, 1999

Washington Parish School Board

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

February 19, 1999

Dear Assistant Legislative Auditor,

Grover C. Austin, CPA
1600 North Third Street
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Recently an independent accountant report on three schools in Washington Parish was completed. The report was given before the Washington Parish School Board on February 8, 1999.

I, as Superintendent, had asked the firm of Durden & Alonzo, CPA to conduct an audit on financial procedures and fixed assets on all schools in Washington Parish. I have been very pleased with the work performed by Durden & Alonzo. These reports have helped in many ways to find areas in which we can make improvements in order to be more accountable.

In general, I believe most of our schools are performing their duties in a professional manner. However, without exception, each school has been shown ways in which they can improve.

I would like to address the areas of concern from the report given on February 8, 1999.

Findings: Franklinton High School

A. Invoices were found to be in delinquent status over the summer.

Corrective Action:

1. All principals and secretaries are being instructed that timely payment of invoices will occur each month including the summer. We have eleven month secretaries and twelve month administrators.

B. Ticket reconciliation forms were not used for baseball and softball.

Corrective Action:

1. Principal and secretaries have been informed that all athletic events will utilize ticket reconciliation reports.

Findings: Pine High School

A. Several fairly minor problems were found with cash disbursements. Example: Some disbursements had missing invoices, dates incorrect, and coding to improper accounts.

Corrective Action:

1. Inform Principal and secretaries that accurate financial procedures are expected. All disbursements will have invoices. The proper timing of purchase requisitions and purchase orders will eliminate improper dating. Double checking for proper account coding will eliminate errors in this area.

B. Excess travel by Principal paid from general fund and some activity accounts.

Corrective Action:

1. A written reprimand has been issued to the Principal and all travel has to have prior approval from the Superintendent. More discretion must be used in meetings attended by the Principal. Principal has been placed on six month probation and must attend financial procedure meetings and will be checked for understanding and proper use of financial procedures.

C. Extra janitorial service was paid from school general fund.

Corrective Action:

1. Principal placed on six month probation.
2. All principals again informed that no one can be employed other than by School Board action and all employees are paid from the Central Office Payroll Department.

D. Football activity allowed to carry a deficit balance over 90 days.

Corrective Action:

1. All Principals reminded that invoices are to be paid within 90 days or report reason for failure to pay to Superintendent.
2. Pine Principal placed on probation for six months.

- B. Quarterback Booster Club and Parent Teacher Association account disbursement documentation did not follow school board policy.

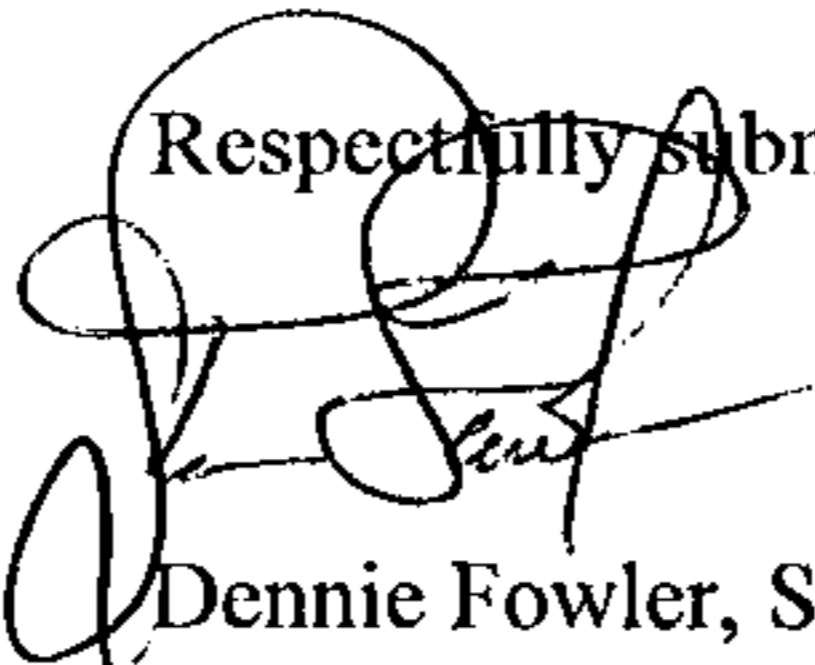
Corrective Action:

1. Both groups are now under the school's general fund supervision with each having their own accounts according to school board policy.

In general, these are the findings found within the report and the corrective action taken. The findings within the report for all schools audited and procedures to correct the findings are discussed with all Principals during regularly held Principal meetings. This letter is intended to cover the last three schools audited - Franklinton High School, Thomas Jr. High School, and Pine High School. Thomas Jr. High School, in general, was found to have a favorable audit. Therefore, no detailed findings or actions were discussed.

It should be noted that instruction in the application of financial procedures from the school year June 30, 1998 to the present has shown effective improvement. This improvement can be contributed to workshops conducted by Durden & Alonzo, CPA Firm, for all principals and secretaries in August 1998. The workshops will be given annually detailing school board policies and application of LA R.S. 17:414 re: School Activity Accounts.

Also, after each visit by auditors, a meeting with school employees will be held to explain policies (re: purchasing, receipting of funds, and fixed asset inventory). These sessions will be conducted by the auditors from Durden & Alonzo.

Respectfully submitted,

Dennie Fowler, Superintendent

DF:jk