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**CITY OF BOGALUSA SCHOOL SYSTEM**

**AGREED-UPON PROCEDURES  
SCHOOL ACTIVITY AGENCY FUND**

**DECEMBER 31, 1995**

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 8-21-96

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

April 12, 1996

To the Members of the  
City of Bogalusa School Board  
1705 Sullivan Drive  
Bogalusa, Louisiana 70429

Dear Board Members:

We have performed certain procedures, which were agreed to by the City of Bogalusa School System, as described in the attached Appendix A, to selected School Activity Agency Fund accounting records and transactions as of December 31, 1995 and for the year then ended, solely to assist you with respect to reviewing compliance with the School Activity Policy Manual dated April 19, 1993. 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 in the attached Appendix A either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the findings we obtained are summarized in the attached appendixes, which are an integral part of this report.

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 City of Bogalusa School Board and the Louisiana Legislative Auditor 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.

*Rebowe & Company*

### AGREED-UPON PROCEDURES

1. For each School Activity Agency Fund we judgmentally selected four monthly bank reconciliations for the year ended December 31, 1995 and performed the following procedures:
  - a. Agreed the balance per the bank reconciliation to the corresponding month's bank statement. We also agreed the reconciled cash balance to monthly financial reports submitted to the Finance Department.
  - b. For the December 31, 1995 bank reconciliation, we traced reconciling items over \$50 to their clearance on the subsequent month's bank statement. For other bank reconciliations, we traced reconciling items over \$200 to their clearance on the subsequent month's bank statement.
  
2. We randomly selected thirty (30) disbursements for the year ended December 31, 1995 from each School Activity Agency Fund and reviewed the supporting documents. According to the School Activity Policy Manual dated April 19, 1993 ("Policy Manual"), required supporting documents include a requisition form signed by the department supervisor, a purchase order, a vendor invoice, and a check copy. We also examined the selected thirty disbursements for compliance with other requirements of the Policy Manual. These requirements include the following:
  - proper approval of disbursements by school principal or designee;
  - dual authorized signatures on disbursement checks\*;
  - expenditures were made for benefit of students\*;
  - check is made payable to payee, not cash or bearer, and should be accurate as to date, amount, and account charged; and
  - state bid laws are followed, if applicable.

(\* As also required by State law.)
  
3. We compared School Activity Agency Fund receipts for the year ended December 31, 1995 to prenumbered ticket sales, where applicable. We traced receipts posted to the general ledger to signed receipt copies, validated deposit slips, and timely clearance on bank statements. In areas where prenumbered ticket sales were not used, we performed a reasonableness test using estimated gross profit margins or other data to determine our expectation for such amounts. We did not perform reasonableness tests on those receipts that in the aggregate did not exceed 20% of the School's total receipts.

4. We tested School Activity Agency Fund concession receipts for the year ended December 31, 1995 posted to the general ledger for signed receipt copies, validated deposit slips, and timely clearance on bank statements. We also performed a reasonableness test on concession receipts using estimated gross profit margins to determine our expectation for such amounts.

## SUMMARY OF FINDINGS

### BOGALUSA HIGH SCHOOL

#### **Procedure 1 - Bank Reconciliations**

We noted that bank reconciliations were not completed in proper form. The reconciliation should begin with the bank balance and then list all reconciling items to the general ledger balance. In addition, all general ledger adjustments should be identified on the reconciliation. High School employees should utilize the form provided with the bank statement or another similar reconciliation form when completing the reconciliations.

We also noted several adjustments on the monthly reconciliations that were the result of deposits being made to the wrong school activity bank accounts. Persons responsible for bank deposits should take steps to ensure that funds are deposited to the proper school activity bank accounts.

#### **Procedure 2 - Disbursement Test**

We noted that the High School does not utilize the purchase order system as required by the Policy Manual.

In general, the only supporting documents available for selected disbursements were requisitions, which lacked department supervisor signatures and supporting vendor invoices.

We noted two disbursement checks that lacked the required dual authorized signatures.

#### **Procedure 3 - Receipts Test**

We noted that one football gate ticket sales reconciliation did not include the unsold tickets of that gate. We also noted that several other football ticket reconciliations lacked appropriate ticket issuance and sales information.

We noted that basketball gate officials did not maintain records that account for ticket sales based on the type of ticket sold (i.e. student tickets and adult tickets). Prenumbered tickets and reconciliation forms are not utilized.

We noted that the High School does not use the proper reconciliation form as provided by the Policy Manual for ticket sales information.

As also brought to our attention by the School System and as reported in the fiscal 1995 financial and compliance audit of the School System, we noted a theft of approximately \$5,000 of ticket sales for the football game against Salmen High School on October 13, 1995. The High School had not made its bank deposit the night of the game as required by the Policy Manual but rather placed the funds in the vault over the weekend. The theft occurred over the weekend and is currently under investigation by the police.

We noted two bank deposits for ticket sales that did not clear the bank statements until one week after the sales. Such deposits should be made daily in accordance with the Policy Manual.

We noted that cash receipts are not issued for auditorium rentals. We also noted that eight of the seventeen auditorium rentals tested were not supported by a signed contract.

#### **Procedure 4 - Concession's Gross Profit Margins**

We noted that the gross profit percentage for concession sales was significantly lower than expected. Based on our review of invoices for snack and beverage items purchased and inquiry as to sales prices of these snack and beverage items, we developed an expected gross profit percentage of approximately 36%. Based on a calculation of gross profit percentage using recorded concession receipts and disbursements, the gross profit percentage appeared to be approximately 21%. Based on the available accounting records, we are unable to determine why the gross profit percentage is less than our expectation.

#### BOGALUSA JUNIOR HIGH SCHOOL

#### **Procedure 2 - Disbursement Test**

We noted that six disbursements were not supported by purchase orders. It appears that various departments do not utilize the purchase order system and order the needed merchandise without sending the requisition to the purchasing agent as required by the Policy Manual.

#### **Procedure 3 - Receipts Test**

We noted that prenumbered tickets are not used for athletic events, and ticket sales reconciliation forms are not completed and remitted with funds received.

We noted that the Junior High School does not make bank deposits on a daily basis as required by the Policy Manual.

## COLUMBIA STREET ELEMENTARY SCHOOL

### **Procedure 2 - Disbursement Test**

We noted that the Elementary School does not utilize the purchase order system as required by the Policy Manual.

We noted that all selected disbursement checks lacked dual authorized signatures as required by the Policy Manual.

We noted one disbursement which lacked all supporting documents due to the fact that a faculty member failed to return a receipt for meals during a field trip.

### **Procedure 3 - Receipts Test**

We noted that the Elementary School does not issue written receipts for money received.

We noted that bank deposits are not made on a daily basis as required by the Policy Manual.

## SUPERIOR AVENUE ELEMENTARY SCHOOL

### **Procedure 2 - Disbursement Test**

We noted that purchase order forms are completed but are not attached to the supporting documents package.

We noted two checks that lacked dual authorized signatures.

We noted that the faculty and staff do not utilize requisition forms. Requests are made verbally.

### **Procedure 3 - Receipts Test**

We noted that the Elementary School does not issue written receipts for money received as required by the Policy Manual.

## TERRACE ELEMENTARY SCHOOL

### **Procedure 2 - Disbursement Test**

We noted that the Elementary School does not utilize the purchase order system as required by the Policy Manual.



### **Procedure 3 - Receipts Test**

We noted that the Elementary School does not issue written receipts for money received as required by the Policy Manual.

### **DENHAMTOWN ELEMENTARY SCHOOL**

#### **Procedure 2 - Disbursement Test**

We noted that the Elementary School does not utilize the purchase order system as required by the Policy Manual.

We noted that check copies are not attached to the supporting documents package. Disbursements are supported by invoices only.

#### **Procedure 3 - Receipts Test**

We noted that the Elementary School does not issue written receipts for money received as required by the Policy Manual.

#### **Procedure 5 - Concession's Gross Profit Margins**

We noted that the gross profit percentage was significantly lower than expected. Based on review of invoices for snack and beverage items purchased and inquiry as to sales price of these snack and beverage items, we developed an expected gross profit percentage of approximately 38%. Based on a calculation of gross profit percentage using recorded concession receipts and disbursements, the School recorded a loss of approximately 8%. Total concession receipts and disbursements recorded were \$6,706 and \$7,241, respectively. Based on the available accounting records, we are unable to determine why the gross profit percentage is less than our expectation.

### **BYRD AVENUE ELEMENTARY**

#### **Procedure 2 - Disbursement Test**

We noted that the Elementary School does not utilize the purchase order system as required by the Policy Manual.

We noted that check copies are not attached to the supporting documents package. Disbursements are supported by invoices only.

### **Procedure 3 - Receipts Test**

We noted that the Elementary School does not issue written receipts for money received as required by the Policy Manual.

We noted that the Elementary School does not make bank deposits on a daily basis as required by the Policy Manual.

### PLEASANT HILL ELEMENTARY SCHOOL

### **Procedure 2 - Disbursement Test**

We noted that the Elementary School does not utilize the purchase order system as required by the Policy Manual.

We noted that check copies are not attached to the supporting documents package. Disbursements are supported by invoices only.

We noted one disbursement that lacked all supporting documents except for a check copy.

### **Procedure 3 - Receipts Test**

We noted that the Elementary School does not issue written receipts for money received as required by the Policy Manual.

We noted that the Elementary School does not make bank deposits on a daily basis as required by the Policy Manual.

### LONG AVENUE ELEMENTARY SCHOOL

### **Procedure 2 - Disbursement Test**

We noted that the Elementary School does not utilize the purchase order system as required by the Policy Manual.

We noted that check copies are not attached to the supporting documents package. Disbursements are supported by invoices only.

### **Procedure 3 - Receipts Test**

We noted that the Elementary School does not issue written receipts for money received as required by the Policy Manual.