

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

East Feliciana Parish School Board  
Clinton, Louisiana

March 21, 2001



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**Daniel G. Kyle, Ph.D., CPA, CFE**  
**Legislative Auditor**

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**LEGISLATIVE AUDITOR**

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**EAST FELICIANA PARISH SCHOOL BOARD**  
Clinton, Louisiana

Dated February 14, 2001

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the East Feliciana Parish Clerk of Court.

March 21, 2001

**EAST FELICIANA PARISH SCHOOL BOARD**  
Clinton, Louisiana

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OFFICE OF  
**LEGISLATIVE AUDITOR**  
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*February 14, 2001*

**MR. RICHARD TERRELL, PRESIDENT,  
AND MEMBERS OF THE EAST FELICIANA  
PARISH SCHOOL BOARD**  
Clinton, Louisiana

We have performed a limited examination of the East Feliciana Parish School Board (school board). Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine whether the school board has taken appropriate action to resolve the findings cited in our letter report dated September 27, 2000.

The accompanying report presents our findings and recommendations as well as responses from management of the school board. We will continue to monitor the findings until the school board resolves them. Copies of this report have been delivered to the Honorable Charles A. Shropshire, District Attorney for the Twentieth Judicial District of Louisiana, and other authorities as required by law.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle", is written over a horizontal line.

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

GLM:GCA:Inl

[EFPSB2]

## LEGISLATIVE AUDITOR

### EAST FELICIANA PARISH SCHOOL BOARD Clinton, Louisiana

#### BACKGROUND AND METHODOLOGY

This is a follow-up review of the recommendations we made in a letter report issued to the school board on September 27, 2000, relating to the application of sales taxes and ad valorem taxes dedicated for salaries for employees. In the process of the review, other matters came to our attention and we are including those matters in this report.

The school board receives a one percent sales tax which, at a minimum of one-half of the proceeds, must be used to pay teachers' salaries. This sales tax was last renewed for ten years effective July 1, 1997. The school board also receives a 17 mill ad valorem tax for the purpose of paying salaries of teachers and all other employees of the school district. This ad valorem tax was last renewed for ten years, beginning in 1997.

In our letter report dated September 27, 2000, we recommended that (1) board actions be clearly presented, accurately recorded in the minutes, and be consistent with the documents resulting from those board actions; (2) all future salary increases clearly identify the funding source; (3) an accounting of all dedicated revenues for salaries be presented to the board at least annually; and (4) dedicated revenues be analyzed to determine if funds are available before salary increases are proposed to the salary committee and to the school board for approval.

We conducted a limited review of the school board's financial records. A limited review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Our procedures consisted of the following: (1) examining selected school board records; (2) reviewing selected minutes of board and committee meetings and listening to the audio tapes for those meetings; (3) interviewing certain employees of the school board; (4) observing the attendance procedures at two schools; (5) reviewing applicable Louisiana laws and Attorney General opinions; and (6) making inquiries of other persons to the extent we considered necessary to achieve our purpose.

**LEGISLATIVE AUDITOR**

**EAST FELICIANA PARISH SCHOOL BOARD**  
Clinton, Louisiana

**CONCLUSIONS**

The following summarizes the findings that resulted from this limited examination of the school board. The Findings and Recommendations section of this report provides details for these findings. Management's responses are included in Attachment I.

1. School board records do not clearly account for the special taxes dedicated for salaries as required by Louisiana law. (See page 5.)
2. Board actions relating to salary increases are not always clear and are not always made with appropriate knowledge that funds are available for the increases. (See page 5.)
3. The school board needs to improve controls over its payroll and attendance records. (See page 7.)
4. School board employees are donating their accumulated leave to other school board employees without a school board policy for this practice. (See page 8.)
5. The school board does not have an adequate travel policy. (See page 8.)

LEGISLATIVE AUDITOR

EAST FELICIANA PARISH SCHOOL BOARD  
Clinton, Louisiana

FINDINGS AND RECOMMENDATIONS

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**Clear Records Not Maintained for  
Special Taxes Dedicated for Salaries**

**School board records do not clearly account for the special taxes dedicated for salaries as required by Louisiana law.** Louisiana Revised Statute 39:704 states, "The proceeds of any special tax shall constitute a trust fund to be used exclusively for the objects and purposes for which the tax was levied. The records of the taxing authority shall clearly reflect the objects and purposes for which the proceeds of the tax are used." In our letter dated September 27, 2000, we informed the school board that there should be an accounting of all dedicated revenues for salaries.

The school board has attempted to account for these special taxes (one percent sales tax and 17 mill ad valorem tax); however, our review revealed the following relating to the school board's accountability of these taxes:

- The school board is not accounting for these taxes on a timely basis. As of February 14, 2001, the schedules analyzing these taxes were only completed through December 31, 2000.
- All employees' salaries paid from these taxes were not included in the school board's analyses. For example, employees in the Deferred Retirement Option Plan and ROTC instructors were not included.
- The dedicated ad valorem tax schedule did not include beginning balances or ad valorem tax revenues (estimated or actual collections). The salaries and benefits computed by the school board for six months ending December 31, 2000, totaled \$611,041. This is 87% of gross dedicated ad valorem taxes received (\$704,038) for the entire fiscal year 1999-2000.

The school board should fully comply with state law and execute its fiduciary responsibility in clearly accounting for the special taxes dedicated for salaries.

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**Board Actions Relating to Salary Increases  
Not Clear and Are Made Without Knowledge  
of Available Funding**

**Board actions relating to salary increases are not always clear and are not always made with appropriate knowledge that funds are available for the increases.** In our letter dated September 27, 2000, we suggested that (1) future school board actions be clearly presented; (2) all future salary increases clearly identify the funding source; and (3) revenues be analyzed to determine if funds are available before salary increases are proposed to the salary committee and to the school board for approval.

## LEGISLATIVE AUDITOR

### EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

Findings and Recommendations (Continued)

We reviewed selected minutes of board and committee meetings and also listened to the audiotapes for those meetings. Our review revealed the following:

- The board action on September 5, 2000, approving the disbursement of 85% of the 1% Sales Tax Debt Fund in the form of a "13<sup>th</sup> check", was not clear. The board did not specify how the amounts to be paid to employees would be determined (e.g., specific amount, percentage, etc.).

Also, although the board made the payment effective retroactive to the beginning of the 2000-2001 fiscal year, there was no direction as to whether employees hired or terminating their employment before the issuance of the 13<sup>th</sup> check were eligible to receive it. For example, one employee who resigned on November 10, 2000, with more than 5 years of service with the school board was not paid the 13<sup>th</sup> check while another person hired on November 6, 2000, received the 13<sup>th</sup> check.

The board had several opportunities to clarify the specifics of the 13<sup>th</sup> check as it was not paid until November 15, 2000.

- The finance committee meeting on November 21, 2000, recommending a \$2,300 annual supplement for band directors and the board action on December 5, 2000, approving it, did not identify the funding source. In addition, an analysis of revenues to determine if funds were available for this supplement was not done.
- Although the salary committee on January 24, 2001, approved a motion to send the proposed 2001-2002 Teacher Aides Salary Schedule to the board for approval, there was no analysis of revenues to determine if funds were available to pay the proposed salary amounts. In addition, the salary committee could not determine how the portion of the teacher aides salary being funded from ad valorem taxes was determined.

The board approved the salary schedule at its regular meeting on February 6, 2001, even though there was confusion as to where the money was coming from. Also, the question of how the ad valorem tax source of funding was determined was still unresolved.

The school board should make sure all future actions are clearly presented, that all salary increases clearly identify the funding source, and that revenues are analyzed to determine if funds are available before salary increases are proposed to the salary committee and the board for approval.

## LEGISLATIVE AUDITOR

### EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

Findings and Recommendations (Continued)

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#### Controls Over Payroll and Attendance Records Need Improvement

**The school board needs to improve controls over its payroll and attendance records.** Our review of payroll and attendance records revealed the following:

- Administrative staff does not complete time reports documenting hours worked and leave taken each pay period.
- There are no written procedures relating to attendance records for individual schools and the school board office to follow. Our review of the attendance records of three schools revealed the following:
  - Each school's daily attendance log is different.
  - There was no documentation that school principals reviewed the logs daily to determine whether all teachers/staff were properly accounted for as present, absent, or other (e.g., in-service training, workshop, etc.). There were several instances where a teacher did not sign in and there was no explanation noted on the log.
  - The daily attendance logs are submitted to the school board office. However, the school board payroll department does not compare the logs to the absentee reports. Therefore, there are no checks and balances to ensure that employees' accumulated leave is reduced if employees are absent.
- School board procedures were violated in hiring the Finance/Budget and Human Resources Officer. No background check or qualifications verification was made when hiring this individual. We were informed that the superintendent bypassed the normal hiring procedures for this position.
- School board policy requires a 90-day probationary period for all newly employed non-certified support staff. A letter of recommendation for continued employment and a completed evaluation must be submitted to the Director of Personnel before the expiration of the 90-day period. The Finance/Budget and Human Resources Officer started October 19, 2000, and as of February 14, 2001 (118 days), the required letter and evaluation have not been done.

The school board should:

- Require all administrative staff to complete simple time reports to document hours worked and leave taken. The appropriate supervisor should approve the time reports.
- Develop written attendance records procedures for individual schools and the school board office to follow. At a minimum, the procedures should include (1) using a standardized daily attendance log; (2) requiring the principal to account for all employees daily and document this process on the daily log; and (3) requiring the payroll office to compare the daily attendance logs to the absentee reports.
- Require that hiring procedures and employee appraisal policies be adhered to for all employees.

LEGISLATIVE AUDITOR

**EAST FELICIANA PARISH SCHOOL BOARD**

Clinton, Louisiana

Findings and Recommendations (Continued)

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**Policy Needed Before Leave  
Can Be Donated**

School board employees are donating their accumulated leave to other school board employees without a school board policy for this practice. Although state law does not prohibit the transfer of leave, the Louisiana Attorney General (AG) has opined in AG 96-481 that it is mandatory that a policy be issued prior to a donation of leave being executed.

School employees donated accumulated leave ranging from 4 days to 162 days to other school board employees on nine different occasions from January 1999 through February 2001.

The school board should either discontinue allowing employees to donate leave or adopt a formal policy.

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**Travel Policy Needed**

The school board does not have an adequate travel policy. The school board's one page "Expense Reimbursement" policy is not adequate to meet the needs of its approximately 400 employees and board members. The present policy is very general. For example, it does not include reimbursement rates for mileage, lodging, or meals and does not provide specific guidance as to what is allowable relating to travel for school board business or conference and seminar travel.

We selected one conference for a detailed review. The following details the results of that review and demonstrates the need for a detailed travel policy.

**National School Boards Association Annual Conference  
Orlando, Florida  
April 1-4, 2000**

- The superintendent, seven school board members, and the assistant district attorney attended the conference. The total cost of the conference was \$14,168 as follows:

<u>Expenditure Type</u>	<u>Cost</u>
Conference registration fees	\$5,720
Hotel	4,440
Airfare	1,463
Airport shuttle - Orlando	351
Rental car - Orlando	305
Airport parking - New Orleans	196
Mileage to airport	411
Meals	1,110
Tips	172
	<u>\$14,168</u>

## LEGISLATIVE AUDITOR

### EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

*Findings and Recommendations (Continued)*

- In addition to these costs, the school board paid \$721 on January 5, 2000, for airfare for the spouses of five board members. Article VII, Section 14(A) of the Louisiana Constitution of 1974 provides that the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation. Although the board members reimbursed the school board for the cost of their spouses' airfare during the period from January 14, 2000, through March 31, 2000, this is considered a loan and therefore is a technical violation of state law.
- The school board paid approximately \$125 for the Orlando airport shuttle to and from the hotel for the spouses of four board members.
- Four board members were reimbursed \$40 each (total of \$160) for tips. For comparative purposes, the State of Louisiana travel policies allow tips for baggage handling not to exceed \$2 per bag for a maximum of three bags and limited to two times on arrival and two times on departure.
- The school board reimbursed the assistant district attorney \$305 for a rental vehicle. There is no documentation that the rental vehicle was the most cost-effective method of transportation (e.g., compared to a taxi, shuttle, etc.). Other conference participants paid approximately \$35 each for transportation to the hotel and return to the airport.
- The school board paid \$1,762 for the assistant district attorney to attend the conference. Although the assistant district attorney is the legal advisor for East and West Feliciana Parish school boards, there is no written agreement with the district attorney or West Feliciana Parish School Board in providing him with continuing professional education (CPE). A written agreement would provide the basis for the number of CPE hours that each party would provide to the assistant district attorney and the associated costs to be shared by each party. Article VII, Section 14(C) provides the following with respect to such an agreement: "For a public purpose, the state and its political subdivisions or political corporations may engage in cooperative endeavors with each other, with the United States or its agencies, or with any public or private association, corporation, or individual." The following are requirements for a valid cooperative endeavor agreement:
  1. There must be a legal obligation or duty upon which the agreement is founded.
  2. The purpose of the agreement must be public in nature.
  3. The public benefit must be proportionate to the cost.

The school board should adopt a more detailed travel policy using the State of Louisiana policies as a guide. At a minimum, the policies should:

- Prohibit the payment of travel costs for non-employees of the school board
- Limit the amount reimbursed for tips
- Allow rental of vehicles only when it can be documented that vehicle rental is the only or most economical means by which the purposes of the trip can be accomplished

## LEGISLATIVE AUDITOR

### **EAST FELICIANA PARISH SCHOOL BOARD**

Clinton, Louisiana

Findings and Recommendations (Concluded)

If the school board feels that it is necessary to provide the assistant district attorney continuing professional education, the school board should enter into a cooperative endeavor agreement with the district attorney and West Feliciana Parish School Board that specifies the number of CPE hours that each party will provide to the assistant district attorney and the associated costs to be shared by each party.

In addition, consideration should be given to sending fewer participants to each conference. This would allow the school board to have funds available to send board members/staff to other training or conferences. Those participants attending conferences could share information learned with appropriate board members and staff.

# Attachment I

## Management's Responses

**PHIL T. GRAHAM**  
CERTIFIED PUBLIC ACCOUNTANT

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7732 GOODWOOD BOULEVARD, SUITE F ♦ BATON ROUGE, LOUISIANA 70806  
TELEPHONE: 225/928-4865 ♦ FAX: 225/928-4866

March 19, 2001

Dr. Dan Kyle, CPA  
Legislative Auditor  
Legislative Audit Advisory Council  
Post Office Box 94397  
Baton Rouge, LA 70804  
Via Fax: 225-339-3870

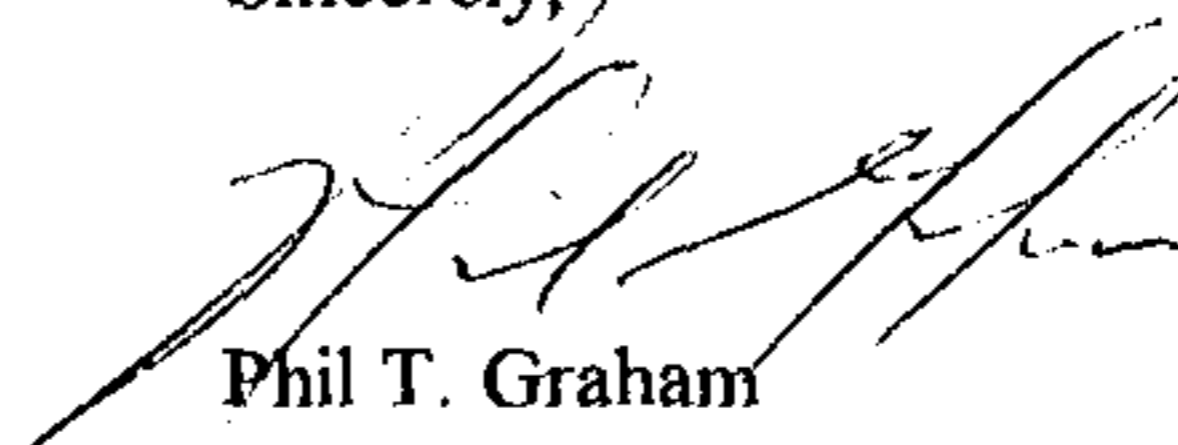
**RE: East Feliciana Parish School Board**

Dear Dr. Kyle:

In response to your inquiry on the above referenced agency dated February 14, 2001, they have asked that I provide this correspondence detailing their corrective action to the matters discussed in your report.

I have met with the Dr. Daisy Slan, superintendent of the school board, and her staff to develop corrective procedures and the attached response. The East Feliciana School Board and staff appreciate the efforts of your staff to help them with these matters. We trust that this will give you the information that you require; however, if you need additional information, please do not hesitate to contact Dr. Slan at the school board office.

Sincerely,



Phil T. Graham

c: East Feliciana Parish School Board

**EAST FELICIANA PARISH SCHOOL BOARD  
RESPONSE TO LEGISLATIVE AUDITOR'S FINDING AND RECOMMENDATION  
DATED FEBRUARY 14, 2001**

**CLEAR RECORDS NOT MAINTAINED FOR SPECIAL TAXES  
DEDICATED FOR SALARIES**

The School board has made several revisions to the Board's payroll program so that they can generate reports on a timely basis. These reports list the employees whom they are paying from the special taxes. This accounts for the expenditure of payroll and related benefits. They combine this information with receipts and other expenditures to show all receipts and expenditures of each special tax fund. The objective of the administrative staff is to complete this report by the end of the following month. The report for January is now complete and they expect the February report to be complete by the end of this month.

They now include all employees in the report that they generate from the payroll program. The employees in the DROP program are included in the report. They do not pay salaries of the ROTC instructors from these special taxes and have instructed the payroll department to pay these individuals from the general fund unrestricted fund balance. Consequently, they do not include ROTC instructors in the report.

The dedicated ad valorem taxes do not report a balance as of July 1. The Board believes that they have spent all of the ad valorem tax receipts on salaries in the past. Consequently, they do not report a beginning balance. They do not receive revenues from these taxes until December. Rather than wait until December to begin paying these salaries, they pay employees from unrestricted general fund balance until they receive the ad valorem taxes. These taxes are deposited into the general fund to cover salaries that they paid from June until the tax is collected in December. The objective of the School Board is to spend all of the dedicated ad valorem tax each year.

The reports that they are now generating, show the beginning balance( if applicable), receipts, disbursements and ending balance.

**BOARD ACTIONS RELATING TO SALARY INCREASES  
NOT CLEAR AND ARE MADE WITHOUT KNOWLEDGE OF AVAILABLE FUNDING**

The administrative staff is developing guidelines to clarify who will receive a thirteenth check and the procedures to set the amount of the check for each employee. The proposal under consideration is to only pay employees who are working as of the date of the check. They will issue the check one half in December and one half in June. They will contact other school boards to learn how they handle these situations.

In the past, they only specified the funding sources for salaries if they paid it out of a particular revenue source. The School District had unrestricted fund balance in the general fund of \$3,382,937 as of June 30. To clarify the funding source of future salary increases, the board will

**EAST FELICIANA PARISH SCHOOL BOARD  
RESPONSE TO LEGISLATIVE AUDITOR'S FINDING AND RECOMMENDATION  
DATED FEBRUARY 14, 2001**

specify if they are paying salaries from these unrestricted funds.

**CONTROLS OVER PAYROLL AND ATTENDANCE  
RECORDS NEED IMPROVEMENT**

They have instructed the administrative staff of the School Board's policy concerning the documentation of hours worked and leave taken. Employees in the administrative office are to contact their supervisor if they are going to be absent from work. Upon return, they are to complete a leave designation form advising if the leave is annual, sick or personal. Supervisors are to contact Dr. Slan. All supervisors, upon leaving the office, must sign a sign-out-log. They will send a memo to all administrative personnel to be sure that they are aware of these procedures. The payroll department will also review this documentation to insure compliance with these policies.

On March 5, they notified each school of the procedures to document absences and leave taken by school personnel. The Board believes that adherence to this policy will document the deficiencies noted in your report dated February 14, 2001. Superintendent Slan has instructed the payroll department to test these records regularly and notify the personnel supervisor of discrepancies.

They hired the Finance/Budget and Human Resources Officer to fill a temporary position that they created to review the District's accounting procedures and make recommendations for improvements. The job will expire on June 30, 2002. They could cancel it earlier at the discretion of the Board or the Superintendent. Since this is a temporary position, they applied policy and procedure for hiring temporary workers. The Superintendent did not believe that the rules for filling a permanent position would apply under the temporary job status. She is developing procedures and evaluation forms for hiring temporary employees in this position and similar situation.

**POLICY NEEDED BEFORE LEAVE  
CAN BE DONATED**

The School District uses a consulting company to update and help with the personnel policy. That company has been contacted to update the School Board's policy to comply with the Louisiana Attorney General's opinion 96-481 concerning donating accumulated leave to other School District employees.

**TRAVEL POLICY NEEDED**

The School District has asked the consulting company to update the travel policy to reference the state's travel policy. They believe this will address the issue of limiting the tip reimbursements

**EAST FELICIANA PARISH SCHOOL BOARD  
RESPONSE TO LEGISLATIVE AUDITOR'S FINDING AND RECOMMENDATION  
DATED FEBRUARY 14, 2001**

and rental of vehicles. This policy will prohibit the payment and reimbursement of expenses of non employee spouses.

They will also contact the West Feliciana School Board and the District Attorney's office and ask them to consider a cost sharing arrangement of the assistant D.A.'s conference expenses. These expenses are for conferences attended on behalf of the East Feliciana Parish School Board.

The Board has considered limiting attendance at conferences. However, all board members do not attend these conferences. In addition, board members are required to have a certain number of seminar hours within four years.

# East Feliciana Parish School Board

DAISY F. SLAN, Ed.D  
Superintendent

RICHARD TERRELL  
President

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SUPERINTENDENT'S  
OFFICE  
225-683-3040

## MEMORANDUM

TO: School Secretaries

FROM: Reba Staples

DATE: March 5, 2001

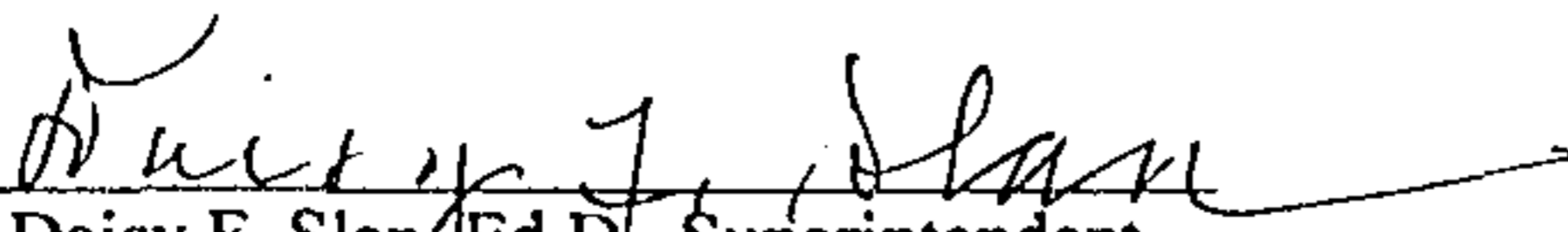
SUBJECT: Employee Absences

The recording of employee absences is a very important part of your job. It has been brought to my attention by the Payroll Department that this is a weak point in some of our schools. In order to ensure accuracy in this task, I have recommendations for you to follow:

1. enter employee absences in the computer each day, do not wait until the end of of the month (**this is mandatory**)
2. have employees complete the leave form immediately upon their return or prior if the leave is annual
3. make sure that the daily sign-in sheet is up to date each day  
if an employee is absent, have the sub initial the employee's signature block in red ink, if there is not a sub, outline the block in red and write "no sub"
4. if an employee is absent on a non-school day, you will not be able to enter the absence in the computer, it is your responsibility to write this information at the bottom of your absentee reports that are sent to the Central Office. (The reason for this is the calendar in the computer has to be set up according to state guidelines, as per student days.)
5. if an employee leaves work early, reports to work late, or is away from school for any reason, a leave form must be completed for any missed time

Employee absences should be documented in three ways, computer, sign-in sheets, and leave forms. Your cooperation in following the above guidelines and maintaining good records is appreciated. If you have any questions, please do not hesitate to contact me.

cc: School Administrators

Approved:   
Daisy F. Slan, Ed.D, Superintendent  
*"An Equal Opportunity Employer"*