

UNION PARISH SCHOOL BOARD



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ADVISORY SERVICES REPORT  
ISSUED OCTOBER 26, 2005

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**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

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STEVE J. THERIOT, CPA  
LEGISLATIVE AUDITOR

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September 29, 2005

**MRS. JUDY MABRY, SUPERINTENDENT,  
AND MEMBERS OF THE UNION PARISH  
SCHOOL BOARD**  
Farmerville, Louisiana

We applied our *Checklist of Best Practices in Government* in providing advisory services for the school board's business department. Attachment I provides our findings and recommendations resulting from our assessment of the procedures and practices of the school board's business department. The response from management of the school board is presented in Appendix A.

Our findings and recommendations are intended to improve controls over financial operations, provide advice in implementing good business practices, and ensure compliance with state laws. However, the school board should consider the costs of implementing our recommendations compared to the benefits they will provide. This assessment 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.

Respectfully submitted,

Steve J. Theriot, CPA  
Legislative Auditor

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## Findings and Recommendations

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The following are the findings and recommendations resulting from our advisory services. The recommendations are presented to improve the controls that safeguard, manage, and account for assets of the school board and ensure compliance with applicable state laws. However, management of the school board should consider the costs of implementing these recommendations compared to the benefits they will provide. For those recommendations not implemented, the school board should be aware of the risks of not implementing such controls.

Management's response to the findings and recommendations is included in Appendix A.

### **Plan for Future Operations**

The school board does not have a formal plan for making both short-term and long-range spending cuts to ensure it will operate within its available funding and maintain a reasonable fund balance. For the year ended June 30, 2004, the school board's general fund reported deficit spending of \$540,488. The school board's financial statements for the general fund for the fiscal year ending June 30, 2005 (unaudited) report deficit spending of \$334,595 and a fund deficit of \$32,590.

Recommendation: We suggest the school board:

1. Develop and adopt an operating plan that includes both short-term and long-range spending cuts
2. Monitor the plan, at least quarterly, to assess whether the school board is on target with the plan
3. Use the plan in decision-making processes and for budgeting (e.g., projects to undertake, major purchases, contracting, et cetera)
4. Monitor the financial statements and budget monthly to ensure that operations are within the available funding and that a reasonable fund balance is being maintained

### **Written Procedures**

The school board does not have written procedures for various business functions. Formal written procedures are necessary so that there is a clear understanding of what should be done, how it should be done, who should do it, and when it should be done and that the procedures followed meet management's expectations. Also, written procedures aid in the continuity of operations and for cross-training of staff.

There are no written procedures for the following:

1. Purchasing, including (a) how purchases are initiated and (b) the preparation and approval process for purchase requisitions and purchase orders
2. Processing, reviewing, and approving attendance records and payroll, including overtime and compensatory leave
3. Recording and safeguarding capital assets, including updating the master listing in a timely manner
4. Issuing and accounting for janitorial supplies at the central office warehouse
5. Receiving and disbursing individual school activity funds
6. Receiving and disbursing school food service funds and for the inventory of food and paper items
7. Granting access to the information system, making programming changes, and identifying critical and non-critical data
8. Dispensing and reviewing the use of gasoline/diesel fuel

Recommendation: Written procedures should be prepared for these business functions.

## **Budgeting Process**

### **Budget Procedures**

The school board does not have written procedures for preparing, adopting, monitoring, and amending its budget.

Recommendation: We suggest that detailed written procedures be developed to include all steps required for each phase of the budget process, including monitoring and amending the budget during the fiscal year. In addition, a time schedule for preparing the budget and the person responsible for each phase of the budget should be incorporated in the detailed steps. Also, we suggest that the school board consider using the Association of School Business Officials International *Meritorious Budget Awards Program* checklist and the Government Finance Officers Association *Distinguished Budget Presentation Awards Program* checklist in preparing future budgets and developing budget procedures.

## **Performance Measures**

Performance measures are not incorporated into the budgeting process.

Recommendation: Although not required by law, the school board should consider incorporating performance measures into the budgeting process. Meaningful performance measures assist management by (a) identifying financial and program results; (b) evaluating past resource decisions; (c) facilitating qualitative improvements in future decisions regarding resource allocation; and (d) communicating service and program results to the taxpaying public. Performance measures should be used to report on the outputs of each program and should be related to the objectives of each department.

## **Financial Management**

### **Review of Changes to Payroll**

A review of all changes (adding/deleting employees, increasing/decreasing pay rates, et cetera) made to the payroll system for a specific period of time is not performed.

Recommendation: We recommend that a computer-generated report of all changes made to the payroll system between pay periods be reviewed by someone independent of the payroll department.

## **Purchasing and Disbursements**

### **Controls Over Purchasing and Disbursements**

Purchasing is not centralized. Each department of the school board (General Fund/Federal Programs, Special Education, and Food Services) is responsible for its own purchasing.

Recommendation: To promote operational efficiency, we suggest that the school board consider centralizing the purchasing process.

### **Gasoline and Diesel Fuel**

The school board is not exercising adequate control over gasoline/diesel pumps located at the central office and charge accounts for gasoline purchased. Although records are maintained that document the number of gallons of fuel dispensed for each vehicle, the odometer readings and pump meter readings (necessary to reconcile the gallons of fuel dispensed with the number of gallons recorded as received by each vehicle) are not recorded. Good controls over gasoline/diesel require that complete records are maintained for each vehicle for the number of gallons of fuel received, miles traveled, and miles per gallon and that the records are reviewed.



Recommendation: The school board should:

**Gasoline/Diesel Pumps**

- Maintain a log for the date, number of gallons dispensed, pump meter readings, vehicle odometer readings, and signature of person dispensing the fuel
- Reconcile the number of gallons dispensed with the pump meter readings
- Prepare a monthly analysis or summary by vehicle that includes, at a minimum, the number of gallons dispensed, miles traveled, and miles per gallon
- Require the transportation director to review the analysis promptly to determine that the dates of use are reasonable, drivers are entering accurate odometer readings, and the number of gallons received, miles traveled, and miles per gallon are reasonable

**Charge Accounts**

- Require that the odometer reading, number of gallons dispensed, price per gallon, and vehicle description are documented on the charge ticket
- Prepare a monthly analysis or summary by vehicle from the charge tickets that includes, at a minimum, the number of gallons dispensed, miles traveled, and miles per gallon
- Require the transportation director to review the analysis promptly to determine that the dates of use are reasonable, drivers are entering accurate odometer readings, and the number of gallons received, miles traveled, and miles per gallon are reasonable

**Ethics**

The school board has a good ethics policy that deals with nepotism, prohibited activities (related party transactions), abuse of office, and transactions after termination of public service. However, the policy could be strengthened by requiring an annual certification letter from board members and other members of management attesting to their compliance with the ethics policy.

## **Computer Controls**

### **Computer Server**

Physical access to the server that handles the accounting software for the school board is not restricted to only authorized personnel. The server is located in an unlocked room off of a hallway in the front part of the school board central office and is accessible to anyone who enters the building.

Recommendation: We suggest that the school board restrict access to the computer server room to only designated personnel.

### **Disaster Recovery/Business Continuity Plan**

The school board does not have a disaster recovery/business continuity plan for its computer system. Good internal control requires that the school board develop a written disaster recovery/business continuity plan and obtain access to an offsite facility to provide for the timely restoration of operations in the event that the school board office is unavailable for an extended period of time.

Recommendation: We suggest that the school board prepare a formal written disaster recovery/business continuity plan and that the plan be tested and updated at least annually.

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## Management's Response

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# Union Parish School Board

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Farmerville, Louisiana 71241*

**Judy Mabry**  
**Superintendent**

*www.unionparishschools.org*

**Phone (318) 368-9715**  
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October 11, 2005

Mr. Steve J. Theriot:  
Legislative Auditor  
State of Louisiana  
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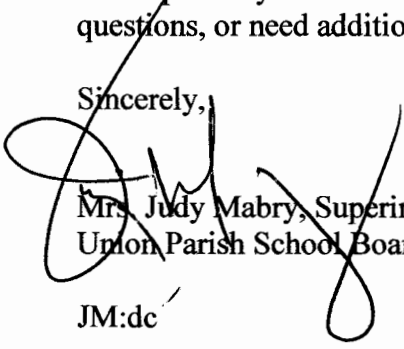
Dear Mr. Theriot:

On behalf of the Union Parish School Board please accept my sincere "thank you" for the review of the board's business operations. We enjoyed meeting your knowledgeable staff and found them to be very helpful and friendly.

The Board will continue to refer to your recommendations throughout the coming months. Difficult times lay before us and we will use this report as guidance while moving into the future.

We hope that you find the following responses to your report sufficient. Should you have any questions, or need additional information, please feel free to contact this office.

Sincerely,



Mrs. Judy Mabry, Superintendent  
Union Parish School Board

JM:dc

Enclosures

**UNION PARISH SCHOOL BOARD  
RESPONSES TO LEGISLATIVE AUDITOR'S REPORT DATED  
SEPTEMBER 29, 2005**

**PLAN FOR FUTURE OPERATIONS**

It is true that the school board does not have a formal plan for future operations. However, each month the board is given financial statements to keep them aware of spending as well as monitoring of the fund balance. The finance committee meets regularly to discuss the overall financial situation of the board and to be able to make recommendations to the board.

Over the past several years management along with independent auditors have stated to the board concerns about the decline in the fund balance. With the board being aware of the situation they proposed a 15-mill tax for operations and maintenance in early 2005. Thanks to local support the tax passed and will generate approximately 1.4 million in new revenue. In addition to the new revenue the board also closed three plants (schools) during the summer of 2005. These adjustments allowed the board to adopt a balanced budget, which anticipates a small positive fund balance. This will be the first year that the board will operate within current year revenues in quite some time.

So though no formal plan, one can see that the board has been preparing for the future of Union Parish Schools. Discussions are already underway in order to determine what the board and the citizens of Union Parish would like to see occur as far as any future building program.

During the remainder of the fiscal year management along with the board will continue to closely monitor operations. In the aftermath of Katrina and Rita the board has already developed an Emergency/Contingency Plan that was presented at the October 10, 2005 board meeting.

The recommendation for a formal plan will be presented to the finance committee in the upcoming months.

## **WRITTEN PROCEDURES**

Management has in place a set of internal controls (which are written) that provide as much segregation of duties as possible with the limited number of accounting personnel. This documentation also gives a brief procedural overview of operating procedures.

The board acknowledges that some areas noted in your recommendation could benefit with a more detailed procedure document. As time and costs permit, research will be done and any additional documentation found to be needed could be added to make the above-mentioned document more detailed.

## **BUDGETING PROCESS AND PERFORMANCE MEASURES**

The board will continue to comply with the Local Government Budget Act and pursuant to R.S. 17:88 and Act 940 the board will continue to adopt, no later than September 15 each year, a budget of expected revenues and probable expenditures. As time permits the ASBO and GFOA Budget Program will be reviewed to provide additional guidance. The utilization of updated programming in the board's budget software will also become beneficial as salary projections including benefits can be done before year end.

The board can also utilize the Accountability Supervisor to help assure that performance measures are being met. State Accountability Standards should also help assist the board in the area of performance measures.

Administration has already initiated unannounced visits to each school throughout the year by the central office administrative staff. This visit is inclusive of academic, accounting, janitorial and overall school performance and perception. Areas of concern or need will be documented and brought back for further review.

The administration is performing many of the stated issues throughout this report. As time and costs permit, staff will continue research and attempt to refine a more detailed policy and procedure document.



## **REVIEW OF CHANGES TO PAYROLL**

For a proper system of checks and balances, someone other than the payroll clerk will continue to review all changes made to the payroll each pay period. This procedure is being done but no documentation has been kept. Documentation will now be maintained.

Currently the insurance clerk is responsible for notifying the payroll clerk of any changes in premiums or coverages, with the payroll clerk responsible for the calculation of salary (including new hires, leaves, resignations, retirements, subs, etc.).

Current software will be modified, if necessary, to provide a detailed edit report. This report should reflect any changes made to the payroll master file. After review, the report will be signed and dated by both the payroll clerk and the reviewer and maintained as part of the payroll records.

## **PURCHASING**

Administration has already implemented the use of purchase orders for most purchases. (considering dollar threshold) The purchase order requires two signatures with approval of the Superintendent. The current purchase order system is manual and has no written procedure document, but implementation of a computerized system is being researched. If the computerized system is not within cost reach, procedures for the manual system will need to be written. The proper use of purchase orders should also assist in the tracking of equipment purchases.

Centralized purchasing will continue to be a matter of consideration for the board and hopefully as time and costs permit, this can be accomplished. This would be an item to be included in the board's budgeting and planning.

## **ETHICS**

Once a year each board member and the superintendent file an Annual Disclosure Statement with the LA Board of Ethics, as required by law. The board, its members and administrative staff will continue to adhere to its written ethics policy and Louisiana law.

## **COMPUTER CONTROLS**

The use of ID logins and passwords has already been in place for numerous years. Consideration will be given to the relocation of the equipment or to the possible use of a keypunch pad on the current location to make it more secure.

## **DISASTER RECOVERY/BUSINESS CONTINUITY PLAN**

The board's current software vendor performs system backups, both programming and data, that are maintained at their facility in another parish. This would prevent the loss of the board's data in case of a parish-wide disaster. Also two daily backups are made at the central office. One backup is taken off site each day at noon, and the other remains at the office in the evening. This would provide the board with a local backup if only the School Board Office was involved in a disaster. Katrina and Rita have made us all very aware of what can happen in the blink of an eye and also what can happen if we are not well prepared in advance. As time allows the board will develop a written disaster recovery/continuity plan. It will be suggested that the other local governments be contacted and that the board's plan will allow for a parish wide combined effort in the case of a parish-wide disaster.

## **GASOLINE AND DIESEL FUEL**

The transportation director is already in the process of developing a detailed gas log for each vehicle. The log will include date, vin#, odometer reading and # of gallons purchased. The purchaser along with the outside vendor will be required to sign the form. Those vehicles that fill their tanks from the school board diesel tank will be required to list the pump meter reading. The board recently replaced the meter on the diesel tank. The installation of

a new meter on the gasoline tank is under consideration, as only two (2) gasoline buses remain active and the meter is costly to replace.

These log sheets will be turned in on a monthly basis. As time and costs permit the transportation department will finalize the form(s) and begin to educate the drivers and the vendors on proper use. It may take several months to fully implement the complete process.

When the above process is completed, a monthly summary can then be prepared by the transportation department. This summary can be reviewed and compared to miles traveled versus gallons used and etc. After verification by the transportation department, this summary can be shared with the board in a timely manner.