

STATE OF LOUISIANA LEGISLATIVE AUDITOR

**Ouachita Parish School Board -
West Ouachita High School
Monroe, Louisiana**

August 14, 2002



Investigative Audit

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

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Ouachita Parish School Board - West Ouachita High School

August 14, 2002



**Investigative Audit
Office of the Legislative Auditor
State of Louisiana**

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

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August 14, 2002

**DR. ROBERT WEBBER, SUPERINTENDENT,
AND MEMBERS OF THE OUACHITA
PARISH SCHOOL BOARD**
Monroe, Louisiana

Transmitted herewith is our investigative report of the Ouachita Parish School Board - West Ouachita High School. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

This report presents our findings and recommendations, as well as your response. Copies of this report have been delivered to the Honorable Jerry L. Jones, District Attorney for the Fourth Judicial District of Louisiana, and other authorities as required by state law.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

SED:SLC:DGP:dl

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Executive Summary

Investigative Audit Report Ouachita Parish School Board - West Ouachita High School

Highlights. . .

At least \$12,780 was not deposited into the bank accounts for West Ouachita High School.

Because of missing records and a lack of proper controls, we could not determine the amount of proceeds collected at the School's athletic events.

Mr. Johnny Hines, former School principal, received \$2,845 in travel expenses and advances that he was not entitled to receive or keep.

Findings (See pages 5 and 7.)

Missing School Activity Funds

From June 28, 1999, through June 30, 2001, cash collected at West Ouachita High School (School) for concession sales and driver's education classes totaling at least \$12,780 was not deposited into the School's bank account. Daily recap sheets and concession sales logs that may have been in the possession of Ms. Bonnie Frazier, former bookkeeper, are missing from the School. Driver's education receipts indicate that Ms. Frazier received but did not deposit fees collected in cash. In addition, because of missing records and a lack of proper controls, we could not determine the amount of proceeds collected at the School's athletic events nor could the School determine whether all of these proceeds were actually deposited.

Principal Paid Twice for Same Trips

From February 2000 through June 2001, Mr. Johnny Hines, former School principal, received \$2,845 in travel expenses and advances that he was not entitled to receive or keep. The travel expenses paid to Mr. Hines consisted of seven payments from the School totaling \$1,700 for travel to meetings of the Louisiana High School Athletic Association (LHSAA). Mr. Hines served on the executive committee of the LHSAA and was, as a result, reimbursed by LHSAA for travel to these meetings. On two occasions, travel advances paid to Mr. Hines were not supported by any receipts and appear to be excessive by at least \$1,145 when compared to expenses allowed by school board policy. In October 2001, Mr. Hines reimbursed the School \$1,290 for four of the duplicate travel expenses and one of the excessive travel advances.

Recommendations (See page 9.)

The School Board should ensure that all School funds are deposited properly and used for their intended purposes.

We recommend that the Ouachita Parish School Board implement policies and procedures to ensure that all funds collected by individual schools are deposited properly and used for their intended purpose. These procedures, at a minimum, should require the following:

1. All financial records of the School should be maintained in accordance with the Louisiana Public Records Law.
2. All individuals receiving funds should prepare and maintain accurate records reflecting all funds collected.
3. The School bookkeeper should give each teacher or staff member a pre-numbered receipt when funds are turned in to the bookkeeper.
4. All collections should be deposited on a timely basis.
5. Collection records should be reconciled to deposit records in a timely manner.
6. Proper segregation of duties should be performed, whenever possible, so that individuals collecting funds directly from students and parents are not responsible for making their own deposits.
7. Principals should take an active oversight role in the financial operation of the School activity funds.

Finally, we recommend that the District Attorney for the Fourth Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

Management's Response (See Attachment I.)

Management has already implemented many of the recommendations included in this report.

The Ouachita Parish School Board understands and agrees with the findings related to West Ouachita High School. The recommendations offered in the report are currently in the School accounting manual. The School Board will comply with the recommendations and has already implemented many of the recommendations.

Background and Methodology

The Ouachita Parish School Board (School Board) was created by R.S. 17:51 to provide public education for the children within Ouachita Parish. The School Board is authorized by R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is comprised of seven members who are elected for terms of four years. The School Board operates thirty-one schools within the parish with a total enrollment of nearly 18,000 students.

The internal audit department of the School Board discovered certain improprieties at West Ouachita High School. As a result, the Legislative Auditor was notified by the School Board and assisted the internal audit department in a joint investigative audit of the alleged improprieties. We acknowledge the assistance provided this investigation by Superintendent Robert Webber and his staff.

The procedures performed during this investigative audit consisted of (1) interviewing employees and officials of the School Board and West Ouachita High School; (2) interviewing other persons as appropriate; (3) examining selected documents and records of the schools; (4) making inquiries and performing tests to the extent we considered necessary to achieve our purpose; and (5) reviewing applicable state laws.

The results of our investigative audit are the findings and recommendations herein.

Findings

Missing School Activity Funds

From June 28, 1999, through June 30, 2001, cash collected at West Ouachita High School (School) for concession sales and driver's education classes totaling at least \$12,780 was not deposited into the School's bank account. Daily recap sheets and concession sales logs that may have been in the possession of Ms. Bonnie Frazier, former bookkeeper, are missing from the School. Driver's education receipts indicate that Ms. Frazier received but did not deposit fees collected in cash. In addition, because of missing records and a lack of proper controls, we could not determine the amount of proceeds collected at the School's athletic events nor could the School determine whether all of these proceeds were actually deposited.

The School maintains a student activity fund that includes revenues from student assessment fees, reimbursements, fundraisers, yearbook sales, concession sales, and athletic events. As bookkeeper, Ms. Frazier was responsible for collecting revenues for the student activity fund, preparing deposits, and maintaining the books. Ms. Frazier was the bookkeeper for the School until she resigned in July 2001 to accept other employment.

Cash totaling at least \$12,780 collected during the period June 28, 1999, through June 30, 2001, was not deposited into the School's bank account. This cash was collected by School personnel for concession sales and driver's education classes and was subsequently given to Ms. Frazier for deposit into the School's bank account.

| Missing Cash | |
|---------------------------|------------------------|
| Concession Sales | \$9,010 |
| Driver's Education | <u>3,770</u> |
| Total Missing | <u>\$12,780</u> |

Concession Sales

School personnel sell candy and chips to students through a concession stand. According to acting Principal Mickey Merritt, concession workers counted each day's receipts and completed a daily recap sheet that was signed by two concession workers. Mr. Merritt stated that each day he gave the cash receipts along with the daily recap sheet to Ms. Frazier. Mr. Merritt also stated that a logbook summarizing concession sales for the 2001 fiscal year was given to Ms. Frazier. However, the logbook and the daily recap sheets from July 1, 1999, through June 30, 2001, that may have been in Ms. Frazier's possession are missing.

The total retail value of inventory available for sale in the concession stand during the period July 1, 1999, through June 30, 2001, was approximately \$99,654; however, actual deposits into the School's account for concession sales totaled only \$90,644. Therefore, approximately \$9,010 is missing from the School for that period.

| Concession Sales | |
|---------------------------|-----------------------|
| Available for Sale | \$99,654 |
| Actual Deposits | <u>90,644</u> |
| Missing | <u>\$9,010</u> |

Driver's Education Fees

School Secretary Anita Wilhite stated that she collected fees from each student enrolled in the driver's education course and turned those fees in to Ms. Frazier. Ms. Wilhite further stated that on each occasion Ms. Frazier provided her with a pre-numbered receipt ticket indicating the amount collected. From June 28, 1999, through June 30, 2001, cash receipt tickets indicate that Ms. Frazier received \$54,820 in driver's education fees. Deposit records indicate that only \$51,050 of these fees was deposited. Therefore, Ms. Frazier received but did not deposit cash totaling \$3,770.

| Driver's Education | |
|---------------------------|-----------------------|
| Fees Collected | \$54,820 |
| Fees Deposited | <u>51,050</u> |
| Missing | <u>\$3,770</u> |

Timely Deposits

On January 7, 2002, the business manager for the Ouachita Parish School Board, Mr. Richard Garrett, notified the Legislative Auditor in writing of untimely deposits into the School's bank account. According to Mr. Garrett's letter, in July 2001, former School Principal Johnny Hines telephoned Ms. Frazier, who had resigned approximately 10 days earlier, and asked her why driver's education fees had not been deposited. Mr. Garrett's letter states that Mr. Hines was informed by Ms. Frazier that she had taken the money home to prepare the deposit because she had not had time to do it before she left. Approximately one week later, Ms. Frazier brought Mr. Hines \$21,242 that was composed of concession sales, driver's education fees, and athletic event fees. Mr. Hines explained that Ms. Frazier told him that was all of the school's money that she had. However, on the following day, Ms. Frazier brought an additional \$14,397 to Ms. Wilhite. These funds contained checks payable to the School that were two years old.

Athletic Events

According to School Board policy, a tally sheet for the gate box form must be completed to account for all gate receipts for School athletic events. These forms, which are used to track ticket sales and cash receipts, are turned in to the bookkeeper along with all proceeds and the gate receipt collection box. From July 1, 1999, through June 30, 2001, the School had 96 home varsity games for football, boys' basketball, baseball, and softball. Athletic coaches Kerry Merritt and Mitch Thomas stated that they gave Ms. Frazier the gate receipts boxes for these athletic events. However, we could only find 15 tally sheets for these 96 games. Therefore, documentation to support the number of tickets sold and the amount of cash collected

for 81 home games is missing. As a result, we could not determine the amount of gate receipts collected nor could the School ensure that all gate receipts collected were deposited.

The Louisiana Public Records Law¹ states, in part, that all public records in the custody or control of a public body shall be preserved and maintained for a period of at least three years from the date on which the public record was created. This law does not exempt financial records. Had the tally sheets been maintained in accordance with the Louisiana Public Records Act, the Legislative Auditor would have been able to determine the actual gate receipts collected for each athletic event and if any cash receipts were missing. These tally sheets could have also been used to determine the individual responsible for any missing gate receipts.

Ms. Frazier has refused to talk to the Legislative Auditor. These actions indicate possible violations of one or more of the following laws:

- R.S. 14:67, "Theft"²
- R.S. 14:134, "Malfeasance in Office"³

The actual determination as to whether an individual is subject to formal charge is at the discretion of the district attorney.

Principal Paid Twice for Same Trips

From February 2000 through June 2001, Mr. Johnny Hines, former School principal, received \$2,845 in travel expenses and advances that he was not entitled to receive or keep. The travel expenses paid to Mr. Hines consisted of seven payments from the School totaling \$1,700 for travel to meetings of the Louisiana High School Athletic Association (LHSAA). Mr. Hines served on the executive committee of the LHSAA and was, as a result, reimbursed by LHSAA for travel to these meetings. On two occasions, travel advances paid to Mr. Hines were not supported by any receipts and appear to be excessive by at least \$1,145 when compared to expenses allowed by School Board policy. In October 2001, Mr. Hines reimbursed the School \$1,290 for four of the duplicate travel expenses and one of the excessive travel advances.

Mr. Hines served on the executive committee of the LHSAA from approximately September 2000 through January 2001. During the period September 19, 2000, to January 26, 2001, Mr. Hines was reimbursed by both the School and LHSAA for travel expenses to attend seven LHSAA meetings. Mr. Hines prepared and submitted travel expense reimbursement requests on each of the seven meetings to both the School and LHSAA. As a result, Mr. Hines received \$1,700 from the School that he was not entitled to receive. In October 2001, Mr. Hines reimbursed the School \$900 for these duplicate payments.

¹ R.S. 44:36

² R.S. 14:67 provides, in part, that theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

³ R.S. 14:134 provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.

Duplicate Payments to Mr. Hines

| <u>Date of Travel</u> | <u>Purpose of Travel</u> | <u>LHSAA</u> | <u>The School</u> |
|-----------------------|----------------------------|-----------------------|-----------------------|
| 09/19 - 09/20/2000 | Classification Hearing | \$285 | \$245 |
| 10/03 - 10/05/2000 | Hardship Meeting | 260 | 200 |
| 10/31 - 11/01/2000 | 1st Classification Hearing | 230 | 180 |
| 11/14 - 11/15/2000 | 2nd Classification Hearing | 230 | 180 |
| 11/28 - 11/29/2000 | 3rd Classification Hearing | 230 | 180 |
| 12/08 - 12/10/2000 | Superdome Classic | 325 | 360 |
| 01/23 - 01/26/2001 | Annual Convention | 360 | 355 |
| Total | | <u>\$1,920</u> | <u>\$1,700</u> |

Also, on two occasions, Mr. Hines received travel advances totaling \$1,720 that are not supported by any receipts and appear to be excessive by at least \$1,145 when compared to expenses allowed by School Board policy.

On February 1, 2000, Mr. Hines received a \$1,000 travel advance to attend the National Association of Secondary School Principals convention in San Antonio, Texas. The School Board paid Mr. Hines' airfare and lodging directly to the airline and hotel. Therefore, the travel advance was to be used to cover meals, tips, and travel from the airport. According to School Board policy, Mr. Hines should have received no more than \$245 for meals, tips, and transportation from the airport. As a result, Mr. Hines received \$755 more than he was entitled to receive and should have reimbursed this amount to the School. Mr. Hines has not reimbursed the School for this amount.

On June 28, 2001, Mr. Hines received a travel advance of \$720 to attend a 5-day LHSAA clinic in Baton Rouge. In a letter dated October 19, 2001, Mr. Hines admitted that he did not attend three days of the 5-day clinic and he reimbursed the School for \$390.

As a result of these actions, Mr. Hines received \$2,845 that he was not entitled to receive. Mr. Hines reimbursed the School for \$1,290 of the \$2,845. These actions indicate possible violations of one or more of the following:

- R.S. 14.67, "Theft"
- R.S. 14:134, "Malfeasance"

The actual determination as to whether an individual is subject to formal charge is at the discretion of the district attorney.

Recommendations

We recommend that the Ouachita Parish School Board implement policies and procedures to ensure that all funds collected by individual schools are deposited properly and used for their intended purpose. These procedures, at a minimum, should require the following:

1. All financial records of the School should be maintained in accordance with the Louisiana Public Records Law.
2. All individuals receiving funds should prepare and maintain accurate records reflecting all funds collected.
3. The School bookkeeper should give each teacher or staff member a pre-numbered receipt when funds are turned in to the bookkeeper.
4. All collections should be deposited on a timely basis.
5. Collection records should be reconciled to deposit records in a timely manner.
6. Proper segregation of duties should be performed, whenever possible, so that individuals collecting funds directly from students and parents are not responsible for making their own deposits.
7. Principals should take an active oversight role in the financial operation of the School activity funds.

Finally, we recommend that the District Attorney for the Fourth Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

Attachment I

Management's Response



OUACHITA PARISH SCHOOL SYSTEM

100 Bry Street - P.O. Box 1642 - Monroe, Louisiana 71210-1642 - Phone: (318) 388-2711 Fax: (318) 338-2221

August 5, 2002

Dr. Robert W. Webber
Superintendent

Daniel G. Kyle, CPA, CFE
Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Investigative Audit Report -- West Ouachita High School

Dear Mr. Kyle:

The Ouachita Parish School Board understands and agrees with the findings of the Office of the Legislative Auditor concerning the investigative audit report conducted at West Ouachita High School.

The recommendations offered in your report are currently in our school accounting manual and we plan to schedule in-service meetings with our principals and secretaries to review our policies. We will comply with the recommendations of the Office of Legislative Auditor completely and have already implemented many of those recommendations.

The Ouachita Parish School System appreciates the effort you and your staff contributed in resolving this matter.

Sincerely,

Robert Webber, Ed.D.
Superintendent

RWW:ps